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REPORT

ROYAL COMMISSION ON BROADCASTING

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REPORT

ROYAL COMMISSION ON BROADCASTING

vol. 1

Report of the Commission

MARCH 15, 1957

EDMOND CLOUTIER, C.M.G., O.A., D.S.P., OTTAWA
Queen's Printer and Controller of Stationery

REPORT
ROYAL COMMISSION
ON BROADCASTING



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TO HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL,

MAY IT PLEASE YOUR EXCELLENCY,

We, the Commissioners, appointed as a Royal Commission in accordance with the terms of Order in Council P.C. 1955-1796 of December 2nd, 1955, to examine and make recommendations upon certain matters related to sound and television broadcasting in Canada:

BEG TO SUBMIT TO YOUR EXCELLENCY
THE FOLLOWING REPORT.

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ACKNOWLEDGMENTS

OUR first acknowledgement must be to the large number of Canadians who showed their interest in this inquiry and gave us great help. A rough count of the membership of the 245 organizations that submitted briefs came to a total of over six million Canadians. This figure includes, of course, some who may have been counted twice and some who had greater knowledge of the submissions than others; but it does indicate that a great many people are interested in our broadcasting system and we gratefully acknowledge the help they gave us. In addition to the 276 briefs from individuals and organizations in all provinces of Canada, we received over 600 letters giving suggestions on various phases of the inquiry.

For our hearings in nine of the ten provinces we were graciously provided with comfortable quarters by provincial, municipal, university and other authorities. We wish it were possible to express our thanks to each one of our hosts and to the many individuals who assisted us in our travel and hearing arrangements across Canada. It was a matter of great regret to all of us that bad weather made it impossible to reach St. John's, Newfoundland. We did succeed in reaching the Island for a few hours and we offered to return later, but a number of those presenting briefs from Newfoundland recognized the tightness of our schedule of hearings and greatly assisted us by coming to Montreal to make their submissions.

The advice contained in briefs and letters to the Commission does not make up the full total of the assistance we received within Canada. As we moved across the country, we had hundreds of informal talks with men and women who had special information to give or a special point of view to express. To these people we will find it quite impossible to make adequate acknowledgment, or even to compile a complete list of their names. In some cases we sought out those who could give us particular help. For example, we wish to acknowledge some lengthy discussions with Mr. J. Harvey Perry and his associates

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in the Canadian Tax Foundation on general but basic phases of our financial studies. We sought out Mr. L. W. Brockington, C.M.G., Q.C., D.C.L., the first Chairman of the CBC for an interesting evening of discussion on the early days and problems of Canadian broadcasting. Similarly, we talked, sometimes into the small hours of the morning, with a number of private station operators throughout Canada, some of whom did not appear formally before us but whose viewpoints were freely and frankly given. In addition to this deliberate seeking for information, we received much unsolicited advice wherever we turned and almost continuously over the past year. It seems that nearly everyone in Canada has fairly strong views on the subject of our broadcasting system and is not reluctant to make them known. This is a good and healthy thing and did much to make our inquiry more complete.

Outside Canada, too, we have many debts to acknowledge. We were anxious to make comparisons with broadcasting systems in other countries, but except for a few days in Chicago and New York, we did not travel as a Commission outside Canada. However, in the course of personal travels, before the start of our public hearings, the Chairman received much helpful information and advice from Sir Ian Jacob, K.B.E., C.B., Director-General of the British Broadcasting Corporation, and a number of his senior associates, from Sir Robert Fraser, O.B.E., Director-General of the Independent Television Authority, and from M. Wladimir Porché, Directeur général de la Radiodiffusion-Télévision Française. Another member of the Commission, during a visit to Mexico, had a useful discussion with Mr. Emilio Azcarraga, President of Cadena Radiodifusora Mexicana and Televisicentro. At a later date, Sir George Barnes, until recently Director of Television Broadcasting for the BBC, and now Principal of University College of North Staffordshire, made a special trip to Canada from New York to spend a day with us and to give us the benefit of his extensive experience in broadcasting problems. We also had lengthy talks with Dr. T. J. Honeyman, Member for Scotland of the Independent Television Authority, and with Sir Richard Boyer, K.B.E., Chairman of the Australian Broadcasting Commission, during the course of their recent visits to Canada.

In the United States we received innumerable items of help, given with customary American generosity. The National Broadcasting Company, both in Chicago and New York, and the Columbia

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Broadcasting System in New York gave frequent and valuable help. Our financial adviser was given detailed information, much of it confidential, for purposes of making background comparisons. We saw in Chicago the NBC facilities that have been completely converted to colour television. In New York we spent two busy days with NBC and CBS, visiting production facilities and studios and talking with a large number of their senior officials. In acknowledging their great help, we should also apologize for the many commuter's trains they had to miss and the many dinners that were delayed by our endless questions extending into the evening hours. In Chicago we also had a demonstration and explanation of subscription television by officials of the Zenith Radio Corporation, and in New York we spent an interesting afternoon with Dr. Seymour N. Siegel and his associates, hearing about the unusual activities and service of WNYC, the New York City radio station. There were also many other informal talks and discussions; in particular we wish to thank Mr. Morris L. Ernst and Mr. Edward R. Murrow for giving us an evening of fascinating talk and an insight into the thinking of two enlightened Americans.

Within our small commission staff, we suffered one tragic loss. It was apparent at an early stage that we would need expert advice on technical matters and we were particularly fortunate in getting Mr. G. C. W. Browne to become our technical adviser. He had recently retired as Controller of Telecommunications, after thirty years with the Department of Transport, and was able to bring great experience in technical matters and instruct us in the technical background we needed to have. Mr. Browne was killed in a motor accident in September, 1956, and his death was both a deep personal regret and a serious loss to us. We greatly appreciate the emergency help given to us on technical matters by Mr. W. A. Caton of the Department of Transport, following Mr. Browne's death.

In the recent hectic weeks of preparing our report we have been placed under special obligation to Mr. Pierre Daviault, Superintendent of the Bureau for Translations, and his able corps of translators and to the Queen's Printer and those members of his competent staff who have contributed so greatly to making this an accurately and attractively printed report.

The members of the Commission feel themselves to be under a great and definite obligation to our own immediate staff. It was a

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small group of able, cheerful and hard-working men and women. We would like to, but cannot, mention them all by name. In the body of our report we describe the work of our financial adviser, Mr. Guy E. Hoult, and of our programme analyst, Dr. Dallas W. Smythe, and we now only underline our acknowledgment to them and also to their respective associates and staffs. We were particularly fortunate to obtain the services of Mr. John M. Coyne of Ottawa and Mr. A. J. de Grandpré of Montreal, as legal counsel for the Commission; their work extended beyond the usual questioning of witnesses at public hearings to participation with the commissioners in revisions of the draft report and their advice was invaluable to us. So also were the contributions made by our two Assistant Secretaries, Miss Elizabeth Leitch, of the Department of Trade and Commerce, and Mr. E. D. Fox, of the Central Mortgage and Housing Corporation. And indeed the same can be said of all those who in many and in different ways served us so well.

For the last, we have reserved a special word about our Secretary, Mr. Paul Pelletier. He came to us with considerable knowledge of broadcasting problems, and his advice was of immense help, both in planning our studies and in carrying them out. He has handled the many details of office and travel arrangements, the preparation of special studies, a voluminous correspondence and extensive participation in the drafting of our report, always with efficiency and good humour. We were most fortunate to have his help and we acknowledge it gratefully.

Cover and book design by George A. Gundersen.

Chapter I

The Problem

THESE have been prosperous days in Canada and the future looks bright. A number of forecasters have recently tried to spell out the details of that future. With only minor variations, they have shown remarkable agreement on the shape of things to come. It is a picture for Canada of a growing population, increasing wealth, and mounting influence and responsibility in the world. In the years ahead, so they tell us, the average Canadian will have more money to spend, more comforts, conveniences and luxuries in his life and, because he will need to work less hard for shorter hours, he will have more time to enjoy the things his money can buy. In our travels across Canada we saw no reason to doubt that these good things will come to pass.

In a sense, our inquiry dealt with the other side of this economic coin. We have been concerned, largely, with how Canadians will use this extra leisure and, to some extent, with how they will spend these extra dollars. Beyond the economic facts of the future, all the glamour of less work and more income has little reality unless the lives of individual Canadians are enriched in spiritual terms. Somewhat to our surprise, we found ourselves involved in these vital, non-economic questions.

At the outset of this inquiry, all of us had hoped to be able to make a short, concise report. We were, and are, under no illusions as to our competence to produce a treatise on the philosophy of mass communications in Canada and still less to establish ourselves as authorities on the cultural values and objectives of Canadian broadcasting policy. We approached our task with the thought that our primary duty was to deal with problems of business administration

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and finance — in other words, with the mechanics of carrying out policies which could best be expressed by others, more competent and articulate than we.

However, as a result of our 47 days of public hearings across Canada and the 276 briefs and more than 600 letters we received from organizations and individuals in all provinces, we found that there are basic issues disturbing Canadians on the subject of radio and television broadcasting. Some of these submissions were made by those having special interests to serve and legitimate objectives to seek. Others were from disinterested people to whom, however, the policies governing Canadian broadcasting are of great personal importance. We found that a great many Canadians have done a lot of thoughtful work on broadcasting problems, and this has been reflected in the generally high quality of the briefs we have received. They have been a great help to us and we are therefore under an obligation to give as good an answer as we can to the many questions submitted to us. In any case, to advise on the operation of a machine requires some knowledge of the machine itself — and the performance expected of it. To suggest the financing of an enterprise, you have to know what you are trying to buy.

Thus, with considerable regret, we find this cannot be a short report. We will have to go into some of the fundamental Canadian problems that bear on broadcasting policy, examine many of the opinions and prejudices that have surrounded Canadian radio and television with an atmosphere of controversy for the past twenty-five years, and even consider some isolated and subsidiary questions which may seem irrelevant to the practical problems of administration and finances but which are disturbing to a substantial number of Canadians.

These general discussions will provide a background for the recommendations we will make. They may accomplish something else as well. If we can fully and fairly set forth the facts relating to a number of issues, this may lead to a re-examination and revision of opinions which will increase the accuracy of public debate and may reduce the area of controversy concerning Canadian broadcasting policy. We think that one of the healthiest things about radio and television in Canada is the wide public interest of the Canadian people in the problems of broadcasting. With this interest, controversy is not only inevitable, but

desirable. Our hope is that it will continue in full vigour but that it will be based on the facts that exist today rather than on traditional prejudices or past misconceptions.

To some degree, this process of revision and re-appraisal has already started, and may be one of the incidental values of a royal commission study. We deliberately sought to contribute to this result by the procedure we followed in our hearings of asking for full explanation of vague statements in all briefs and putting to witnesses opposing contentions for their comments. This was a calculated risk and led, at the outset of the inquiry, to some public misunderstanding and charges that we had reached pre-conceived conclusions. As we went on with our hearings, this procedure became better understood, and we found that some rigidly-held ideas were being re-examined and modified. We feel it is to the credit of a number of important witnesses that they were willing to take a fresh look at their previously stated opinions. We venture to hope that the facts and opinions set forth in this report will contribute to public knowledge and informed public debate, without which a wise and flexible policy for Canadian broadcasting is impossible to achieve. This is a matter of concern to every Canadian. It cannot be left to the experts, or to those with special interests, or even to the legislators alone. It is important to each one of us.

Why is it Important?

It is important because radio and television have entered into our lives and changed them in ways that are often unobtrusive and unnoticed. We do not always know what is happening to us, and even after it has happened we can only see the change by a conscious effort of memory. In the days of Victoria or even as late as the first World War, the demand by a household operated on even the most lavish scale for an orchestra to entertain it during its working and leisure hours would have been regarded as absurd. But where today is there a household that does not regard a radio set as an inalienable "right", and indeed usually thinks it necessary to have additional sets in the kitchen and the bedroom? The presence of a radio receiver, and now a television set, is accepted as a prime necessity in the home like a lamp or a telephone. But radio and television receivers are more than

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household instruments which are convenient or agreeable to have. It is what they do to our lives and minds that matters. The programmes they provide, at no clear and obvious cost, have become a part of domestic life and their function, which for want of a better word we call "entertainment", has become a "right", not quite so inalienable, to borrow an American phrase, as life and liberty, but essential to the pursuit of happiness with which it has become more and more identified.

In our travels throughout Canada we came upon numerous examples of the changes that had already been brought about by radio and television. Two divergent instances will suffice. We found in several Canadian cities that good symphony orchestras existed, with a full complement of qualified resident instrumentalists, giving many concerts each year, and the high level of musical appreciation was reflected in the large sales of good recordings and the existence of many subscription concerts. Ten years ago the orchestras were struggling or non-existent, dependent on the casual import of several necessary instrumentalists, with low sales of musical recordings and few subscription concerts. The change in ten years is directly traceable to the influence of radio, not only through the financial support given to good music by the CBC and private radio stations, but also by the development of a public taste and appreciation for good music. Canada has been enriched by this development of musical appreciation and enjoyment and the considerable investment of public funds that contributed to it was, we believe, well worth-while.

The second example is a more practical one and shows an economic rather than a cultural change. When we were in Halifax we were told that radio had revolutionized the lobster fishing business, which seemed to us an odd and unexpected result. It appears that some years ago buyers visited the lobster fisheries during the season and made individual deals for each man's catch. Prices were irregular and frequently depressed. Today, we are told, no fisherman will dispose of his catch until he has listened to the daily CBC broadcast of going prices and market conditions. He now conducts his business affairs with information and knowledge as to the state of the lobster market. Similarly, through the agency of radio, Canadian farmers and fishermen and housewives and small tradesmen are provided with accurate and immediate information as to market statistics which may guide them

in the daily conduct of their economic affairs. Again, we believe that such broadcasting services are valuable, in a strictly economic way, to Canadians and are well worth the public expenditures involved.

But we are only at the beginning of the important influences which radio, and more recently television, will wield in our lives. It may well be that the prospect is terrifying to a thoughtful observer, and one can feel a hopeless nostalgia for the simple and uncomplicated days of the past, before these strident and demanding agencies clamoured for our attention. It also may well be that they will cause some casualties and mean some losses in real living values for many of us. But radio and television are here to stay. Their influence will grow, rather than diminish. They cannot be locked up, or ignored, or legislated out of existence. We, and our children, must adapt them to our use, must accommodate them to our purposes, must weave them into the fabric of our lives. By wise forethought, we should see that, on balance, they are agencies for good.

Properly conceived and managed, broadcasting can add immensely to our lives. Radio and television can enrich us, extend our knowledge and deepen our perception. They can not only bring into a humble home entertainment of a variety and richness that was beyond the reach of even the wealthiest and most-travelled few a quarter-century ago, but they can give to everyone a breadth of knowledge of history, world affairs, art and science which has never been known in the world.

Broadcasting, especially television, may also have another function of great but intangible value. It offers a chance — and it is at the moment only a chance — to replace some of the family activities that have been lost by industrial developments. Over the past century, by a slow process of erosion, the role of the family in our society has been reduced and weakened. Many family activities have been taken over by industry and performed more efficiently and cheaply by mass production methods — the baking of bread, the weaving of cloth, the participation of the family group in a multitude of activities of utility and enjoyment. No one would suggest for a moment that these developments should be reversed. But something has been lost and nothing has come to replace the activities that used

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to tie a family together into a strong unit. Despite increased leisure, the family is less and less together, has less space to be together, has more outside activities and more separation of its activities. For a family to maintain itself, it must have a headquarters, a gathering place; there must be opportunity for the old and young to meet and mix and to encounter life together. Perhaps without realizing it, the technical developments of radio and television have made such an opportunity again possible. It is no longer necessary to go out of the home to see a play, to enjoy a variety show or to listen to a concert or lecture. They can all be had, for the family as a unit, in the home itself.

Similarly in the larger groupings of the community, the region and the nation itself, radio and television may be able to perform unifying and cohesive functions for our society. They may perhaps narrow the gap in outlook between urban and rural life; they may increase knowledge and understanding of regional problems throughout the whole country; they may even make good many of the deficiencies in an individual's education by the information and enlightenment that radio and television can bring.

These good things, however, should not be taken for granted. They will not come easily or automatically. Like most human contrivances, radio and television can work evil as well as good. They can dull the sensibilities by endless repetition of the commonplace and the tawdry. They can be dehumanizing forces, tending to make all men conform in thought, action and aspiration to the lowest common denominator of their kind. These dangers are clear and real and are only to be out-weighed by the positive opportunities that exist. Broadcasting can instead provide a new version of the humanities, can create diversity and variety and healthy controversy, and can nurture the growth of individuality, on which the future of democracy itself depends.

The capital difficulty is one of leadership in both the public and the private elements of the Canadian broadcasting system. As with all human enterprises, the advances depend on the courage and imagination of those in a position of leadership. They must keep the mass of society moving forward but they must not set a pace that causes it to fly apart.

Special Problems of Radio and Television in Canada

Broadcasting is, for any country, a new and different medium of communication and it involves special problems of defining and executing policy. Broadcasting is not the same as publishing or movie making, not entirely an entertainment medium, not wholly a method of education, and not solely a vehicle for the sale of goods. It has some elements of all these and more besides. Analogy with other media of communication must be applied with great caution and, in general, it seems safer to treat the problems of broadcasting as unique.

Broadcasting in Canada is also unique. It is not the same as broadcasting in the United States, in England, or in Australia, and although we can study the experience in other countries, we cannot copy the patterns they have applied. We must approach these problems afresh, as specific Canadian problems for which we must seek specific Canadian solutions.

One of the special factors affecting Canadian broadcasting is the sheer size of the country in relation to its population. We have today in Canada more than two million television receivers, each of which is within range of one of the thirty-eight Canadian television stations. In the Chicago area, in the United States, there are slightly more than two million receiving sets all within range of the four commercial television stations in Chicago. In New York there are 7 television stations whose signals can reach nearly four and a half million receiving sets. From a commercial standpoint, the market that can be reached by a single television station in Chicago is approximately the same size as all the markets within range of the thirty-eight television stations in Canada. Even though in some of the larger centres the market is substantial, the audience available to most Canadian stations is relatively small and the cost of transmitting signals over long distances to connect Canadian television stations is high. The substantially higher costs of television make the problem more difficult, but the same relative situation exists for radio. Add to these factors of space the further fact that the Canadian population is divided into about 11 million English-speaking and about 5 million French-speaking people, and the economic problem becomes still more difficult.

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However, it is not our national size or sparse population that alone causes our difficulties in creating and maintaining a broadcasting system. The central, unique fact about Canadian broadcasting is that we are here in North America, a nation of 16 million people living beside a nation of 168 million which speaks the language of our majority and is rich, inventive, with a highly developed broadcasting system of its own. No other country is similarly helped and embarrassed by the close proximity of the United States. Much that is good and valuable can come from this closeness; there is an increasingly rich fare of programmes on both radio and television available at relatively low cost from the United States. Much of this we cannot hope to duplicate and we would be poorer if we did not have it available as part of our total programme supply.

But as a nation we cannot accept, in these powerful and persuasive media, the natural and complete flow of another nation's culture without danger to our national identity. Can we resist the tidal wave of American cultural activity? Can we retain a Canadian identity, art and culture — a Canadian nationhood? These questions do not imply a judgment on the values of the American broadcasting system; indeed, the dangers to Canadian national identity are much greater from the good American programmes than from their poor or clumsy productions. Assuming, as we must, that their broadcasting system is satisfactory and suitable for Americans, this is no basis for thinking it is desirable for Canadians. We may want, and may be better to have, a different system — something distinctively Canadian and not a copy of a system that may be good for Americans but may not be the best for us.

Nor is this attitude in Canada antagonistic to the United States — a form of anti-Americanism which most Canadians would resist and deplore. The same attitude would apply equally to the flooding of Canada by cultural influences from the United Kingdom or France. It is only the accident of geography and the technology of broadcasting that make the threat to our national identity greater from the United States. From all three countries, Canada has derived, and we hope will continue to derive, great benefits. But it is a healthy thing if we determine to take these outside benefits only on our own terms and insist on weaving them into a Canadian fabric of our own making.

The Problem

We must necessarily look at this problem from a Canadian point of view. But we were interested when we visited the United States to find that there are thoughtful Americans who feel that the United States will be enriched by the preservation of a separate and distinct cultural identity in Canada. They believe that, in a troubled and difficult world, Canada has a role to play that will be more valuable and useful if we are something more than a carbon copy of American views and opinions and aspirations.

This is not a new problem for Canada. It has become familiar through many examples over the ninety years of our national history. The very creation of the Canadian confederation and the territorial expansion of the original union across the continent were, to some extent at least, responses to pressures from the United States. The building of the first Canadian transcontinental railway was only the first of many devices to pull together into a nation the vast expanse of Canadian territory. In different ways but with the same purpose we created a national financial structure through the chartered banking system and we sought to build up industry and trade through a protective tariff. At a later date we developed a national air-transportation system. There are many other examples of steps taken to make Canada a nation despite the forces of geography and the powerful attraction and influence of the United States. The natural flow of trade, travel and ideas runs north and south. We have tried to make some part, not all, of the flow run east and west. We have only done so at an added cost, borne nationally. There is no doubt that we could have had cheaper railway transportation, cheaper air service and cheaper consumer goods if we had simply tied ourselves into the American transportation and economic system. It is equally clear that we could have cheaper radio and television service if Canadian stations became outlets of American networks. However, if the less costly method is always chosen, is it possible to have a Canadian nation at all? The Canadian answer, irrespective of party or race, has been uniformly the same for nearly a century. We are prepared, by measures of assistance, financial aid and a conscious stimulation, to compensate for our disabilities of geography, sparse population and vast distances, and we have accepted this as a legitimate role of government in Canada.

To apply this principle to broadcasting in Canada, it is necessary to provide quite substantial amounts of money for the creation and

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distribution of radio and television services across Canada; and this requires a public agency to spend the money and administer the broadcasting system. This is an undertaking of considerable difficulty. No one can fail to be concerned about the potential dangers of state control and elements of public monopoly in relation to these powerful media of communication. No politician in his sane mind could want to encounter the difficulties and criticisms and headaches of supervising a public broadcasting system if he could possibly avoid it. The fact is that for Canada there is no choice.

◀ We cannot choose between a Canadian broadcasting system controlled by the state and a Canadian competitive system in private hands. The choice is between a Canadian state-controlled system with some flow of programmes east and west across Canada, with some Canadian content and the development of a Canadian sense of identity, at a substantial public cost, and a privately owned system which the forces of economics will necessarily make predominantly dependent on imported American radio and television programmes. ▶

Radio is not cheap, but television is an enormously expensive medium of communication. Whether the cost is paid directly out of the public treasury or indirectly out of the price of goods advertised, the public of any country must pay for the broadcasting services it gets. In the United States there are 168 million people; it has a wealthy, dynamic economy in which a private broadcasting system has developed supported by advertising revenues. From the free flow of economic forces, three national television networks and four national radio networks have been created. We were told by the American networks, and there is ample public evidence available to confirm it, that television network operations have only recently been able to show a small profit after many years of substantial losses and radio networks are showing little, if any, profits.

In Canada with a population of 16 million, of which 11 million are English-speaking and 5 million are French-speaking, we have two national television networks and three national radio networks. If the population and wealth and buying power of the United States can only support its existing network system, what hope is there that the much smaller Canadian economy can support almost as many national networks by means of commercial revenues ?

We are satisfied that the volume of advertising revenue available in Canada is not, in itself, sufficient to pay for a Canadian broadcasting system which would substantially cover all of Canada, provide some amount of Canadian programmes and contribute to the development of a Canadian consciousness and sense of identity. To have such a system we must pay for it in other ways. If we are unwilling or unable to provide quite substantial amounts from public funds for such a broadcasting system there is little point in having any public agency engaged in the broadcasting and distribution of radio and television programmes, and individual private stations will necessarily become outlets for American networks and programmes. This would result not because the private broadcasters are unpatriotic citizens or because they lack a sense of Canadian consciousness or responsibility; it would result from economic pressures on the private operator which make it easy and inexpensive to import American programmes and difficult and costly to produce any substantial volume of Canadian programmes.

Under our terms of reference, it was made a condition and basic assumption of our inquiry that "the broadcasting and distribution of Canadian programmes by a public agency shall continue to be the central feature of Canadian broadcasting policy".¹ But even without such a limitation, the overwhelming weight of the evidence submitted to us would have compelled us to report that Canadians wish to have a Canadian broadcasting system, that they want to keep some part of their broadcasting fare Canadian, and that they are willing, within reason, to pay for it. This was the substance of the submissions from many groups who favoured our existing broadcasting system; it was also the opinion of most of those who were somewhat critical of the CBC and its operations, including many of the private broadcasters. There was virtual unanimity in favour of a Canadian broadcasting system, supported by moneys from the Federal treasury. We will have much to say in later chapters of this report as to the scope, method and procedure for accomplishing this objective. For present purposes, we accept it as a basic assumption of the whole inquiry.

Once it was decided to have a Canadian system supported by public funds, it was necessary to have a public agency responsible

¹ Appendix I—Order in Council P.C. 1955-1796 of December 2, 1955, and Commission of appointment.

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for developing and distributing programmes and for supervising the spending of these funds. In Chapter II and Appendix II, the detailed history of what actually happened in the development of the Canadian broadcasting system will be outlined. In retrospect, we can now see that it might have followed any one of several divergent courses, and perhaps for a number of years did in fact have no clear direction. It might, as the Aird Commission in 1929 recommended, have become a wholly public system with all broadcasting facilities owned by the state. It might, on the other hand, have taken the form of a complete national system, with enough publicly owned stations to distribute programmes across the whole country, and also having private stations operating independently on a commercial basis. This would have been similar to the policy adopted in Australia, but would have meant for Canada the erection and operation of a much larger and more expensive public system than we have today.

In fact, the choice made by Canada was between these two systems and followed a typical and traditional Canadian pattern of combining public and private ownership in one system. In broadcasting, as in earlier national policies, we chose to have enough public ownership and control to maintain the country's identity and to assist its integration, and allowed in addition a substantial amount of private enterprise subject to public supervision and control. We accepted both public and private stations as part of the system. The national broadcasting service was provided to the Canadian people partly through publicly owned and operated stations and partly through privately owned stations. Both the public and private elements in the system were subjected to control of performance and programme.

This choice, however, has never been very clearly or specifically stated. It is not fully set forth in the governing statutes and it has been a subject of misunderstanding, considerable debate and some misrepresentation over the last twenty years. The Canadian broadcasting system has been called an accident, as in a sense it was, and a compromise which, by any definition in the dictionary, it was not. We believe it should be regarded as another of Canada's unique and positive achievements. It is, we believe, a better system for Canada than either a completely state owned system or an entirely privately owned system. In the combination of public and private enterprise, Canadian broadcasting has had variety and flexibility which an all-

public or all-private system could not have achieved. There are things that the public agency can do that the private stations could not and would not do; there are other services that the private stations can provide that the public agency could only supply with difficulty and less effectively. If the union of public and private elements produces clashes of opinion and controversy within the system, it is all to the good in an institution engaged in public information and the formation of public opinion. Our broadcasting system is a distinctive and valuable achievement in which Canadians can take pride.

Perhaps because of the failure to state the objectives and purposes of our broadcasting system clearly and simply, the positive values of our achievement have not always been recognized. The governing statutes are far from clear and the fundamental nature of the system has remained open to endless controversy and debate. We will attempt to suggest statutory changes which will define and articulate the purposes of our Canadian broadcasting system. If these are accepted, the long argument as to the nature of our broadcasting system may perhaps come to an end and discussion might be concentrated on the essential problem of making it work efficiently and with maximum benefit to the Canadian people.

Specifically, if our recommendations are accepted, it should be recognized by everyone:

- (1) that the mixed Canadian system of public and private ownership is here to stay;
- (2) that the state agency may grow, as Canada grows, but its functions are not to be extended to do the whole job of providing radio and television services to Canadians;
- (3) that private stations should individually be required to justify the continued grant of a valuable public franchise and that some may lose their licences because of a shabby performance, but private operators should stop worrying about the bogey of nationalization that has filled them with suspicion and fear in the past; and
- (4) that, for the foreseeable future, we will continue to have a single broadcasting system in which all Canadian radio and television stations, public and private, present and future, will be integral parts, regulated and controlled by an agency representing the public interest and responsible to Parliament.

Chapter II

Canadian Broadcasting Today

IT WAS at the turn of this century, in 1901, that the young Italian inventor, Marconi, first succeeded in sending wireless signals from his transmitter at Poldhu in Cornwall to his receiver at St. John's, Newfoundland. At the very moment that "the transmitter was crackling away at Poldhu and a jubilant Marconi was watching his new receiver at work in Newfoundland, mathematicians were busy proving that wireless reception over distances of more than a few hundred miles was impossible".¹ This first trans-oceanic transmission was a momentous event which was later to have far-reaching results and make of the twentieth century the century of mass communications in which each part of the world, no matter how remote, has become immediately aware of happenings in other lands and amongst other peoples.

Marconi's triumph of 1901, which followed the brilliant mathematical deductions of James Clerk Maxwell and the no less brilliant electronic discoveries of Heinrich Hertz, cannot however be construed as the birth of "broadcasting" in the modern sense of that word. It was Morse code, not speech, that was transmitted from Cornwall to Newfoundland. At that time, no one thought of using this new invention for the dissemination of information and entertainment to a scattered audience. Rather it was thought of as a commercial means of communication from person to person, from point to point, from ship to shore, from city to city and, later, from airfield to pilot.

The vast potential of this new medium for the mass communication of information and entertainment was not, in fact, fully realized until almost two decades later. Yet, slow as was the progress

¹ A. W. Haslett, *Radio Round the World*, Cambridge University Press, 1934.

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from the concept of point to point wireless communication to the concept of mass communication to scattered audiences, once this latter concept became accepted by a handful of imaginative and venturesome individuals, radio broadcasting as we know it today developed with phenomenal rapidity both in North America and in Europe.

The first broadcasting licence granted in Canada was issued in 1919 to the Canadian Marconi Company whose station, then known as XWA, is still in operation today under the call letters CFCF. On June 15, 1920, the London Daily Mail sponsored a broadcast by Dame Nellie Melba from the Marconi Company's experimental station at Chelmsford. On November 2, 1920, the Westinghouse Company began broadcasting from the first United States station, KDKA, at Pittsburgh. The rapidity with which broadcasting developed in Canada is illustrated by the fact that, by 1928, more than 75 radio stations had been licensed to operate.

Then, in the mid-1930's, television burst forth from the chrysalis of the laboratory and, between 1935 and 1939, television programmes began to be broadcast in several countries, first on an experimental and, later, on a regular basis. After a period of inactivity during World War II, television began again to expand with renewed vigour. Although the first regularly scheduled Canadian television broadcast did not take place until September, 1952, television was developed in this country at a relatively much more rapid pace than in any other country, including the United States and the United Kingdom. At the present time, Canada is second only to the United States with regard to the number of television stations in operation whilst only in the United States and the United Kingdom can more receiver sets be found than in Canada. According to statistics compiled by the United Nations Educational, Scientific and Cultural Organization¹, the situation early in 1955 was as follows in the five countries listed below:

<i>Country</i>	<i>Population</i>	<i>TV Trans- mitters</i>	<i>TV Receivers</i>
United States	159,629,000	413	35,000,000
United Kingdom	50,857,000	13	4,156,000
Canada	14,781,000	24	1,100,000
U.S.S.R.	209,000,000	10	700,000
France	42,860,000	7	125,000

¹ *World Communications* — Press Radio Film Television, Third Edition, 1956, published by UNESCO, 19 avenue Kléber, Paris.

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Early in December 1956, 38 Canadian television stations were broadcasting on regular schedules while approximately 2.3 million households, or more than half the total number of households in Canada, were equipped with television receiver sets. There are assuredly a number of geographical, economic and other reasons for this rapid development; but the growth of television in Canada in this short span of four years remains none the less remarkable.

In the field of sound broadcasting, by the end of 1956 there were in Canada 189 stations broadcasting regularly and about 96 per cent of all Canadian households were equipped with one or more radio receiver sets.

It is not our intention, at this stage, to say anything more about the history of Canadian broadcasting, but a fairly comprehensive history will be found in Appendix II to this report. Before discussing in detail a number of problems that were brought to our attention during the hearings, and before considering the specific matters referred to us in our terms of reference, it may be useful to give a brief description of the Canadian broadcasting system as it exists today.

International Agreements

As in most countries today, Canada operates its broadcasting system within clearly delimited confines established by international agreement. Since national boundary lines are powerless to stop hertzian waves, it is not only proper but indispensable to the maintenance of order that the nations of the world, particularly neighbouring nations, should agree among themselves not only on the allocation of wave-lengths but also on the manner in which an allocated wave-length may be used.

There are four international agreements which, at the present time, have application to Canadian broadcasting. These are:

- (1) the International Telecommunication Convention signed at Buenos Aires in 1952;
- (2) the North American Regional Broadcasting Agreement (NARBA) signed at Washington in 1950;
- (3) the Canadian-U.S.A. Television Agreement which came into force on June 23, 1952, following an exchange of notes between the two governments; and

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- (4) a special agreement reached in 1947 by exchange of notes between Canada and the United States with regard to frequency modulated sound broadcasting stations.

The International Telecommunication Convention of 1952 stems back to May 1865 when the International Telegraph Union was founded in Paris by the signing of the first International Telegraph Convention. This Convention was later expanded to include telephone and, later still, radio communications. At a conference held in Madrid in 1932, the International Telegraph Union and the International Radiotelegraph Union, founded in Berlin in 1906, were merged into a single body called the International Telecommunication Union. This union now has a membership of 95 countries, including Canada, and the decisions adopted by the members at plenipotentiary and administrative conferences apply to the use of telecommunications throughout the world. The 1952 Convention, however, as did the 1947 Convention, recognizes the right of members "to convene regional conferences, to conclude regional agreements and to form regional organizations for the purpose of settling telecommunications questions which are susceptible of being treated on a regional basis", provided that such agreements are not in conflict with the Convention.

It was under this latter provision that a series of North American Regional Broadcasting Agreements were entered into. Although the current agreement, signed in 1950, has never come into force because of insufficient ratifying signatories, all countries in the region, with the exception of Mexico, have recognized it and are operating under its terms. Technically, this agreement set up allocation rules which were, in the light of experience and new knowledge, more realistic than those of earlier agreements and provided comprehensive standards for calculation of protection to both day and night service of all classes of broadcasting stations in the countries within the region.

The current Canadian-U.S.A. Television Agreement provides a fairly definite allocation of television channels in those areas lying within 250 miles of either side of the Canada-U.S. border¹. Thus, a share of VHF and UHF television channels has been permanently set aside for the exclusive use of Canada. Any modification of or addition to this channel allocation plan by either country must, under

¹ A complete list of Canadian Allocations under this Agreement is set out in Appendix VI.

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the terms of the agreement, be notified in advance to the other country which then has thirty days to object to the change. The agreement does not specify any date by which a given channel or channels must be occupied. In order to minimize interference between television assignments, a certain minimum geographical separation is required between stations on the same channel or on adjacent channels and, furthermore, the agreement restricts the maximum effective radiated power that may be used.

Generally speaking, Canada has provided a greater geographical separation between co-channels and adjacent channel stations than exists in the United States. We understand that this was done to permit better fringe area reception in view of Canada's thinly distributed population. It may well be, however, that Canadian policy in this regard may have to be reviewed in the light of the scarcity of available VHF channels in those more densely populated areas of Canada which are within 250 miles of the U.S. border.

The fourth international agreement referred to above is a bilateral agreement between Canada and the United States relating to the allocation of channels in the band 88 to 108 megacycles for frequency modulation (FM) sound broadcasting. This plan became effective as a result of an exchange of notes between the two countries. The Canadian note was dated January 8, 1947, while the U.S. note in reply bore the date October 15, 1947.

In Appendix VII to this report will be found a list of the Canadian FM allocations that were agreed upon by the exchange of notes of 1947. This appendix also indicates the location of the various Canadian assignments that have been taken up and are now in operation. In all, there are 30 stations of this type operating in Canada of which 5 belong to the Canadian Broadcasting Corporation. In most cases, the FM stations are operated as ancillary to stations operating in the standard sound band and the same programmes are transmitted simultaneously over related FM and AM stations.

National Licensing and Control Procedures

Subject to the technical limitations imposed by these several international agreements, each sovereign nation can of course establish broadcasting control measures of various kinds within its

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own boundaries. Obvious as this may seem, it is perhaps worth noting that there are no international limitations on *what* may be broadcast but only on *how* any country may operate that portion of its aural or visual broadcasting activities that spills over its boundary lines. National controls, on the other hand, may and often do apply not only to the technical aspects of wireless communication but also to the content of the programme fare transmitted over the air lanes by sound and television broadcasting stations.

In Canada, Parliament has long since decided that there should be some degree of public control not only on *how* broadcasting will be conducted but also on *what* may or may not be transmitted by radio and television stations. The historical, economic, geographic and other reasons which lie behind that decision are fully described and commented upon in other portions of this report, particularly in Chapters I and IV and in Appendix II.

There are two Federal statutes that govern broadcasting in this country. They are the Radio Act, passed in 1938 and amended many times since then, and the Canadian Broadcasting Act passed in 1936. Although this latter Act has been amended several times since it was given Royal Assent, these amendments have not significantly altered its nature or its essential features. In a general way, the Radio Act and the two sets of regulations made thereunder — the first by the Governor in Council pursuant to section 3 of the Act and the second by the Minister of Transport under section 4 — relate to the technical control, licensing, maintenance of standards, inspection, etc. of all forms of wireless communication of which broadcasting, in the accepted modern sense of that word, is but a relatively small part. On the other hand, the Canadian Broadcasting Act and the regulations made by the Corporation under the authority of section 21(1) of that Act relate almost exclusively to the public control of both publicly and privately owned radio and television stations.

Existing authorities and procedures for the licensing of publicly and privately owned radio and television stations are largely contained in the Radio Act and to a lesser extent in the Canadian Broadcasting Act (section 22). All applications for new licences, changes in facilities of existing stations, changes in ownership of existing stations or changes in ownership of shares of capital stock of licensee companies are submitted to the Department of Transport

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on forms designed for the purpose. These applications must be accompanied by a technical brief which is designed to demonstrate that the proposal envisaged in the application complies with the Radio Act and regulations made thereunder, the North American Regional Broadcasting Agreement and the Department of Transport's technical specifications. Applications that are satisfactorily complete and technically acceptable are referred to the Canadian Broadcasting Corporation in accordance with section 22 (1) of the Broadcasting Act and the applicant is notified accordingly. At this stage, the result of the Department of Transport's detailed examination of the application is reviewed by the Joint Technical Committee comprising officers of the Department of Transport and of the Canadian Broadcasting Corporation.

Following publication of notice in the *Canada Gazette*, the Board of Governors of the Canadian Broadcasting Corporation holds a hearing at which the application is considered. Applications for broadcasting licences by private interests are considered at public hearings of the Board but no such public hearing is held in the case of applications by the Corporation for new CBC stations. During these public hearings, any person or group having an interest in the application is given an opportunity to be heard. Following the public hearing, the Board of Governors makes its recommendations to the Minister of Transport and issues a public announcement outlining its recommendations. If the licensing of a new station is involved, the Minister of Transport then makes a recommendation to the Governor in Council. If an Order in Council is passed as a result of this recommendation, a licence is issued for the establishment and operation of a station for a period of five years from the end of the fiscal year in which the licence was first issued, provided that the licensee complies with the provisions of the Radio Act, the Canadian Broadcasting Act and regulations made under these acts, and with the provisions of the Radio Regulations annexed to the International Telecommunication Convention and International Regional Agreements for the time being in effect. In matters other than the licensing of new stations, for example changes in the power, ownership or location of existing stations, the Minister of Transport has full authority to act without an Order in Council.

Under the General Radio Regulations Part I, all private commercial broadcasters are required to pay certain annual licence

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fees based on gross revenue. The scale of fees to be paid, as set out in the regulations, is the following:

<i>Station</i>	<i>Annual Gross Revenue</i>	<i>Fee</i>
A	Under \$25,000	\$ 100
B	\$25,000 and under \$50,000	\$ 250
C	\$50,000 and under \$75,000	\$ 500
D	\$75,000 and under \$100,000	\$1,000
E	\$100,000 and under \$200,000	\$1,500
F	\$200,000 and under \$400,000	\$3,000
G	\$400,000 and over	\$6,000

All broadcasting stations, including those owned by the Canadian Broadcasting Corporation, are inspected periodically by radio inspectors of the Department of Transport to ensure that each station complies with the terms of its licence and with the technical requirements of the Department.

The licensing procedure outlined above applies to television and to sound broadcasting stations, both standard band and frequency modulated. With regard to this procedure, we have observed that private applications for short wave broadcasting stations are normally denied as a result of a policy adopted by the Board of Governors in 1944. At that time, the Board stated that it had always been its policy "to deny applications from private stations for short wave stations as it is the opinion of the Board that short wave frequencies should be reserved for high power stations for international broadcasting and further that short wave broadcasts cannot give an adequate domestic service".

It is also worth noting that neither in the legislation nor in the regulations made thereunder is there any outright prohibition or even a precise limitation of multiple ownership or foreign ownership of radio and television stations. It is true, however, that following certain recommendations of the 1942 Parliamentary Committee on radio broadcasting, the General Radio Regulations, Part II, were amended to vest in the Minister of Transport some discretion as to the degree of multiple ownership or foreign ownership that might be allowed in individual cases. Before the 1942 Parliamentary Committee formulated its recommendations, a number of private radio chains were already in existence. The Board of Governors has made no recommendation nor has the Minister of Transport taken any action

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to alter the existing situation but, since 1942, the Board has resisted recommending the extension of any existing chain of radio stations or the creation of new ones. This has not, however, been a firm and fast rule and, in some exceptional circumstances, the owner of an existing station has been allowed to acquire a second licence where, for example, no other applicant could be found to operate a radio station in the locality concerned. The Board has apparently adhered to this policy in considering applications for new television stations.

With regard to foreign ownership, the Board, during the course of our inquiry, considered and recommended the transfer of approximately one-third of the common shares of a radio and television station to the Canadian subsidiary of an American company. However, at the time the Board forwarded this recommendation to the Minister of Transport, it suggested "that the Licensing Authority give consideration to this matter and to the desirability of a provision relating to the degree of non-Canadian control, direct or indirect, in the use of a Canadian air channel, possibly along the lines of the U.S. provision limiting the amount of alien interest in a licensed station in that country to 20 per cent".

The Board's policy in respect of newspaper ownership of radio and television stations has also been conditioned by parliamentary committee recommendations. Under this policy, an applicant for a radio or television station is neither helped nor hindered by the fact that he happens to be a newspaper publisher. His application is considered on its merits.

As to the common ownership of a radio and television station, the Board of Governors has not considered this as chain ownership although it is apparently aware of the dangers of too much concentration of mass communication media in too few hands.¹

While the Radio Act and regulations are exclusively concerned with the technical aspects of wireless communication, the Canadian Broadcasting Act and regulations are mainly concerned with the art of public and private broadcasting to a widespread audience. The Radio Act pertains to the vehicle; the Broadcasting Act to its content.

It is this latter Act that establishes a Canadian Broadcasting Corporation consisting of a board of eleven governors who have wide powers over the nature of the broadcasts emanating from publicly

¹ Evidence p. 7677 to 7690. See also discussion of these matters in Chapter IV.

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and privately owned radio and television transmitters. Some of the more noteworthy powers granted to the Corporation by the Act are listed hereunder:

1. The maintenance and operation of sound and television broadcasting stations. To this end, the Corporation may either build its own stations or acquire existing privately owned stations by lease or by purchase and equip such stations with the necessary machinery and other facilities.
2. The broadcasting of suitable programmes which may be either produced by the CBC itself or secured from other sources within or without Canada.
3. The collection of news in any part of the world and in any manner the CBC may deem fit.
4. The acquisition of copyrights and patents.
5. The administration of all funds accruing to the Corporation under the terms of the Act.
6. Full control over,
 - (a) all network arrangements;
 - (b) content of programmes broadcast by public and private stations;
 - (c) the nature and amount of advertising permissible on CBC and private station broadcasts;
 - (d) the periods to be reserved by private stations for the broadcasting of CBC programmes; and
 - (e) the proportion of time that may be devoted to political broadcasts by public and private stations and the allocation of such time among parties and rival candidates.
7. The duty to ensure a greater use of Canadian talent by CBC and private stations.
8. The power to require private stations to furnish such information regarding their programmes as the Corporation considers necessary for the proper administration of the Act.

In actual practice, during the last few years at least, the Corporation has not used a noticeably heavy hand in wielding its rather extensive powers over private stations. True, under the authority of section 21 of the Act, the Corporation has made a series of regulations. But, in the foreword to these regulations, it is stated that they are intended only as "some minimum standards in broadcasting".

Furthermore, many of these regulations are of a very general nature and difficult if not virtually impossible to enforce because they relate to such subjective matters as common sense and good taste, or because they are of a discretionary nature. There are, of course, a number of precise regulations which can be enforced. These relate to such matters as advertising content, the weekly filing of programme logs, food and drug advertising, reproduced programmes, etc. But even here, the bulk of the evidence seems to indicate that there has been more laxity than severity in the Corporation's enforcement of its own regulations.

There are perhaps two main reasons for this. The first is that the Corporation has been repeatedly criticized in some quarters, not of being unfair, but simply of being both regulator and competitor of the private stations. The natural consequence has been that the Corporation has tended to regulate rather less than more. The second reason is that the Board of Governors has no way of knowing, with any degree of accuracy, how well or how badly private stations are doing financially and the tendency has therefore been to be lenient, to make exceptions to the rules, on the grounds that, after all, private stations have to make a profit out of their commercial operations or go bankrupt.

These same two reasons go a long way towards explaining why it is that, although legally the regulations apply to CBC and private stations alike, in actual practice the standards of CBC performance are generally higher than the so-called "minimum standards" of the regulations. For example, the CBC does not allow any of its religious, news or discussion programmes to be commercially sponsored. All types of programmes broadcast by private stations are open for sponsorship although, as a matter of individual policy, some private stations have deliberately refused to accept advertising support for certain of their programmes. Another example. The CBC does not carry advertising for certain types of hygienic products, but this is not prohibited by the regulations and indeed many private stations do accept this type of commercial sponsorship. And yet another. There is nothing in the regulations to prescribe the proportion of the broadcast fare which must be of Canadian origin, but the CBC none the less ensures that a substantial amount of its own programming is Canadian in content and produced by Canadians.

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It would not be difficult to bring forth many more examples of this kind but, in saying this, we would not wish to create a false impression. The CBC and the private stations are obviously not in quite the same position. The CBC does not have to live on its commercial revenues. The private stations do. Furthermore, there are private stations who present much better and more balanced programming than would be ensured by a servile compliance with the pressures of commercialism within the limits of the regulations. But it remains true that, for a number of private stations, the "minimum standards" of the regulations have really been maximum standards and, indeed, there are some broadcasters who have not infrequently violated even those relatively low standards. In order that the record may be complete, although it is true that CBC performance standards are higher than the minimum standards of the regulations, it is also true that the Corporation sometimes violates its own regulations. For example, our programme analyst, Dr. Dallas Smythe, was unable to find a single description of programme content in the CBC station logs for the week of January 15, 1956, notwithstanding that regulation 4 provides that each station shall maintain a programme log containing, amongst other things, "the title and brief description of each program broadcast". We need hardly add that neither do private stations provide such descriptions in their logs, which is but one more illustration of the fact that although the machinery for control is provided in the Canadian Broadcasting Act and regulations, control has been anything but stringent.

The National Broadcasting Service

What is the purpose of the extensive powers thus granted to the Board of Governors? The Act merely says that the object of the Corporation is "to carry on a national broadcasting service within Canada". It is not difficult to deduce from the historical record — recommendations of previous royal commissions, parliamentary committee reports and statements by members of governments of different political persuasions — that the essential principle underlying the Canadian Broadcasting Act of 1936 is that there should be a single broadcasting system in Canada, of which the private broadcasters

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are a complementary but necessary part and over the whole of which the Corporation, through its Board of Governors, has full jurisdiction and control.

It is, however, a much more difficult matter to determine with any precision what is meant by "a national broadcasting service". Nowhere is this expression defined, except by inference, and yet it encompasses in four short words the whole *raison d'être* of the CBC. It is therefore of more than passing interest to ascertain the interpretation placed upon this expression by the Corporation itself. We are in general agreement with the following statement¹ on this subject by Mr. A. D. Dunton, the Chairman of the Board of Governors:

"The Canadian Broadcasting Corporation is charged to carry on a national broadcasting service for Canada.

"The purpose in television broadcasting must be to provide a television service for the whole nation reaching Canadians in all parts of the country; to provide service in the two main languages of Canada; to develop the best possible national service of Canadian programs together with programs brought in from outside the country.

"It must aim to serve Canadians in all walks of life, old and young; to bring broadcasting of pleasure and value to them; to meet in fair proportion their varying interests and tastes; in doing so to use the vivid power of television to communicate many things that people want — varied entertainment, information, ideas, opinions, pictures and reflections of many doings and developments, of many aspects of life; to offer plenty that is diverting and relaxing, and also to offer things of beauty, of significance.

"The service should strive to enrich the lives of individual Canadian families with all their diversity of interests. At the same time it should stimulate the life of the nation in many ways: by offering opportunities for the artistic and creative and communicative abilities of Canadians to develop and to be appreciated and shared in by other Canadians; by giving Canadians a good chance to laugh at and enjoy the same amusing and pleasant things together from

¹ Exhibit 2, p. 1 and 2.

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coast to coast; by also giving people opportunities for some new insights and understandings; by helping Canadians to know and understand one another and to know other parts of their own country better; by reflecting the diverse traditions that make up the Canadian heritage; by meeting and stimulating the interests of Canadians in other Canadians and in the achievements, ideas and creative work of other peoples, all in the one Canadian spirit”.

The Corporation's understanding of its responsibilities under the Act was further elaborated in another CBC submission entitled “The National Program Service”¹.

“The CBC was created by Parliament to provide Canadians with a broadcasting service suited to the particular needs of this country.

“It is answerable for its operations to Parliament in the first instance and ultimately to public opinion.

“The scope of its service has been determined by the national wealth and the needs of the people; its shape by geography and two official languages; its character by the democratic climate of our society.

“Its programs, principally Canadian in origin but augmented by a selection from abroad, have been concerned with entertainment and relaxation; the imparting of objective news and information; the vitality of the nation's democratic institutions and values — free speech, the rule of law, respect for the individual, freedom of worship, freedom of inquiry; the health of the nation, the efficiency of its economy and its good repute abroad; sport; the education of youth; and the creative arts which are the lifeblood of its programs.

“Its policy has been to invest each program according to its nature with that degree of relaxation, humour, stimulation, escape, inspiration or excitement necessary to arrest and hold the listener's interest.

“Its organization has been developed on a regional basis in order to tap for program material the thought, aspirations, traditions and art of individuals, groups and communities in every part of the country.

¹ Exhibit 14, p. 1 to 4.

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"Its regional policy is a three-way system of serving the particular needs of the people of the regions in such fields as school broadcasts, news, farm and fisheries broadcasts; of fostering and sustaining local and regional thought and traditions so that they may contribute to national programs; and of developing and sustaining talent in the fields of music, drama, and writing on a basis of professional competence in all regions.

"Out of this regional diversity the Canadian character has grown, slowly and at times frustrated by sectionalism and factionalism. But the richness of its promise has already been reflected in many CBC programs.

"Believing that the citizen of a free society is a complex of interests, tastes and capacities for enjoyment, the starting point in the production of CBC programs is the conception of listeners and viewers as individuals, not as a mass. As a listener or viewer he cannot be classified for the convenience of program producers as highbrow, lowbrow, or middlebrow; jazz fiend, long hair or sports fan. Packaging individuals neatly into such categories for easy handling is a totalitarian device; the combinations of tastes in the individual vary widely. The same individual may have within him the capacity to enjoy symphonic music, boogie woogie, farce, wrestling, political discussion and religious experience.

"It is this variety in the individual that gives our society its character and civilised life its richness.

"The program spectrum of CBC is made as broad as possible in order that tastes already formed may be sustained and new ones encouraged.

"CBC cannot at any one time provide a range of programs wide enough for all listeners and viewers to find their choice immediately. But it can and does provide such a range during the course of the day, the week or the month.

"Within its resources CBC has made the democratic compromise of trying to serve all of the people some of the time rather than some of the people all of the time. Broadcasting a few types of programs most of the time, in the belief that

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this is the way of giving the public what it wants, degrades the listener or viewer from an individual to a type.

"CBC conceives it to be its duty to provide as wide a range of programs as possible from which the individual listener or viewer may choose. This involves a reciprocal obligation on the listener or viewer to accommodate himself as far as possible to the times at which programs of his choice are scheduled. Only in this way can the interests of as many as possible be served during the broadcasting day.

"The CBC attempts to serve the largest number of listeners at the times most suitable for them by carefully devised patterns of scheduling and by its system of regional broadcasting: farmers at noon, housewives in the afternoon, children in the late afternoon, families in the early evening, adults in the late evening.

"It does not regard radio listening or television viewing as a full-time occupation for any individual or section of the nation. No program schedule could be devised for the benefit of a single individual or group. To use the vast resources of radio and television to broadcast certain types of programs exclusively at the expense of the widest possible selection, to starve or leave unawakened certain capacities for enjoyment while others are glutted, would be a misuse of these resources, an impairment of their great potential.

"In the final analysis, broadcasting produces nothing tangible, no 'end product', only an impact on the minds of listeners or viewers.

"In the course of years and even generations it is hoped that the impact of CBC programs will enlarge the understanding and stimulate the creative genius of Canadians.

"Understanding begets tolerance. As citizens of a nation embracing two cultures and languages, two aboriginal races and many other racial stocks, sectional economic interests and a scattered population, Canadians have need of an extra portion of tolerance and understanding.

"One of the tests of healthy democracy is the tolerance of unpopular minority opinions, of new expressions of art

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and ideas, either native or imported, which are essential to the nation's development.

"In the furtherance of Canadian arts — music, drama, ballet, design — CBC has set its sights at the international level. The commonwealth of creative art is international and national standards like good currency should be freely exchangeable among civilised peoples.

"The vitality and efficiency of CBC can only be maintained by constant and constructive public criticism. Such criticism helps to maintain and improve artistic and technical standards, to inform and inspire program producers, to destroy complacency and preserve good taste.

"While taking pride in its achievements of the past twenty years, CBC is aware of its constant duty not only to maintain recognized standards but to create new ones in keeping with the nation's growth and with scientific, artistic and social advances. It is aware of its opportunities and responsibilities as the second largest broadcasting system among the free nations and as the national broadcasting system of one of the leading Western powers."

The Physical Plant and its Operation

The original cost of CBC assets held early in 1956, including land, buildings, equipment, antennae and furnishings, was \$25.8 million. This figure, of course, includes only assets owned outright by the Corporation. In this connection, it is of interest that of the 104 different locations in which the CBC is now established, 44 are CBC owned and 60 are leased at a rental of more than half a million dollars per annum. The Corporation has estimated that the replacement value of its owned assets is approximately \$41 million. On the other hand, the Canadian Association of Radio and Television Broadcasters has estimated that, over the years, private broadcasters, both CARTB members and non-members, have made a combined capital investment of some \$44 million. These figures are obviously not comparable; but they give some indication of the size of the capital investment made by the broadcasters in this newest of mass communications media. In addition to this, there are the hundreds of millions invested by

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listeners and viewers in receiver sets — it is estimated that Canadians have spent some \$850 million on television sets alone during the past five or six years — to say nothing of the capital invested by the electronics industry, the telephone and telegraph companies and the many other industries and businesses which, in one way or another, contribute to or form part of radio and television.

A number of schedules and maps contained in Appendix VIII to this report give detailed information as to the ownership, location and network affiliations of all radio and television stations operating in Canada on December 2, 1956.

At the moment of writing, there are 189 radio stations operating in Canada, of which 147 normally broadcast in English and 42 in French. Of the overall total of 189 stations, 22 are owned and operated by the CBC and 167 by private interests. In addition, the CBC owns 54 low power relay transmitters which operate directly from the networks without studios and which are located mainly in central British Columbia, northern Ontario and New Brunswick.

All three regular radio networks in Canada are operated by the CBC. They are the Trans-Canada, the Dominion and the French networks.

The Trans-Canada network consists of 45 stations of which 17 are owned and operated by the CBC. There are 26 basic, 16 supplementary A and 3 supplementary B stations in the network which also includes 52 permanently connected low power CBC relay transmitters. The full network service of sponsored and unsponsored programmes is made available to basic stations while supplementary A stations have available to them all unsponsored network programmes and may also be added for commercial network programmes upon request of the sponsor. Basic and most supplementary A stations are required to reserve certain periods for CBC public service network programmes. Sustaining service is not made available to supplementary B stations which, however, may broadcast commercial network programmes upon request of the sponsor.

The Dominion network consists of 50 stations of which only one, CJBC Toronto, is CBC owned and operated. Thirty-one stations constitute the basic network while 9 stations are in the supplementary A and 10 in the supplementary B groups. There are no relay transmitters on this network.

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The French network consists of 25 stations of which 4 are CBC owned and operated. The basic network includes the 4 CBC owned stations plus one private station, CHNC at New Carlisle. There are 20 stations in the Supplementary A group. This network has no Supplementary B category but does include two low power relay transmitters.

The Trans-Canada network extends from St. John's, Nfld., to the West Coast; the Dominion network from Sydney, N.S., to Victoria, B.C.; and the French network from Moncton, N.B., to Edmonton, Alberta.

Following approval by the Board of Governors, affiliation arrangements are discussed with private stations and made on a fairly informal basis. In addition to commercial network programmes for which they receive payment, affiliated stations are required, as stated above, to broadcast on a regular basis certain unsponsored network programmes. There are occasions, however, when important community events, local sports activities, etc., are given priority over CBC reserved network time.

The line facilities to connect the various member stations of the networks are provided on a rental basis by the two railway companies, the Bell Telephone Company and several provincial telephone companies. The Trans-Canada network comprises 6,702 miles of line to which 41 stations are connected permanently while others may be added as required. The Dominion network has 4,528 miles of line connecting its member stations while 3,232 miles of line join the various stations on the French network. The lines required for the three networks are contracted for on a 16-hour day basis but some of the networks operate considerably less than that. For example, although the Trans-Canada network feeds programmes to its member stations 16 hours daily, the Dominion network is in operation on an average for only 4½ hours each day. During the remaining hours, Dominion network lines are used to distribute CBC daytime programmes such as Farm, School and Talks broadcasts which many Dominion affiliates carry on a regular basis. These lines are also used to assist in the delay pattern across western Canada and to bring in programme material from various CBC and private stations to the major production centres at Montreal and Toronto for release.

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There are 52 English language and 17 French language radio stations that are not affiliated with any of the three networks but 4 of these (CJAD and CKAC Montreal, CFRB Toronto and CKWX Vancouver) have some affiliation with American radio networks.

Although all regular radio networks are operated by the CBC, private stations may, under the Broadcasting Regulations, form subsidiary hookups from time to time. This indeed is done fairly frequently. For example, during the week of January 8, 1956, there were eight such subsidiary hookups between various groups of private stations. Some of these subsidiary networks were very small, comprising only two stations, but others were fairly large. For example, during that week station CFRB, Toronto, originated a variety programme called "Double or Nothing" on a subsidiary hookup comprising stations CKOC, CKTB, CKOX, CJOY, CKCR, CJCS, CFOR, CKBB and CKNX.

The situation is quite different in television. Thirty-eight stations were in operation in December, 1956. Of this total, nine are owned and operated by the CBC at Vancouver, Winnipeg, Toronto, Ottawa, Montreal, Halifax and Goose Bay. With the exception of Ottawa and Montreal, where the CBC now operates both English and French languages stations, no locality has more than one television station but several communities are within range of more than one television transmitter.

The nine CBC and twenty-nine privately owned television stations all form part of either the English or the French CBC networks. There are thirty-two stations on the former and six on the latter. Eventually, all these stations will be connected on one network or the other by the chain of microwave relay stations now under construction by the Bell Telephone Company (English) and the combined CN and CP Telegraph Companies (French). At the moment, the English microwave connected network extends from Quebec City to Winnipeg and reaches into parts of northern and all of southern Ontario while the French microwave chain links Ottawa, Montreal, Sherbrooke and Quebec City. Since December 1, 1956, four stations in the Maritimes — at Halifax, Saint John, Moncton and Sydney — have been joined by microwave. Halifax is the originating point for this regional network which the Bell Telephone Company expects will be

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connected to the national chain by November, 1957. Stations not now joined to the microwave link are provided with network programmes by means of kinescope films.

In addition to the 189 radio stations and 38 television stations that were actually in operation on December 2, 1956, authority had been granted by Order in Council for the licensing of five more radio stations and six more television stations. The new radio stations are to be located at Port Hope, Ont., Toronto, Ont. (FM), Altona, Man., Lloydminster, Alberta, and Quesnel, B.C., while the six television licences are for English language stations at Harmon Field, Nfld., Argentia, Nfld., (satellite of CJON-TV at St. John's), Quebec City, Medicine Hat, Alberta, Kamloops, B.C. and for a station at Rouyn, P.Q., which will be required to provide at least 60 per cent of its programming in the French language.

In both radio and television, the most extensive production facilities are to be found in the CBC studios located in Montreal and Toronto which produce the bulk of the live Canadian programmes to be seen or heard on the receiver sets. Outside of these two major CBC production centres, most publicly or privately owned broadcasting stations have fairly modest production facilities, usually consisting of one general purpose studio and one or two small news or talks studios.

The operating power of radio stations varies all the way from the 100 watt stations, of which there are very few, such as CBH at Halifax and CFRC, the Queen's University station at Kingston, to the powerful 50,000 watt stations such as CBF at Montreal and CKLW at Windsor, Ont. In television, operating power presents a much more complex picture. The power used for the transmission of the picture is always greater than that used in the transmission of the accompanying sound. The station now using least power is CKSO-TV at Sudbury with an effective radiated power of 1,740 watts for its video signal and 870 watts for its audio signal while the biggest consumer of power, CKLW-TV at Windsor, Ont., radiates 178,000 watts on video and 107,000 watts on audio.

As to the length of the broadcast day, the pattern has been fairly well established in radio. Although there are a number of private stations, particularly in the larger urban centres, which broadcast on a 24 hour basis the year around, most radio stations, both public and

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private, open their transmitters in the pre-breakfast hours and broadcast without interruption until about midnight. In television, the pattern is much less uniform. CBC English-language stations are on the air anywhere from 63 to 75 hours a week while the length of the broadcast week on English-language private stations varies between 42 and 88 hours. Presumably because their sources of suitable filmed material are fewer, French-language stations, both public and private, are on the air each day for somewhat shorter periods than their English-language counterparts. As yet, there has not been any significant amount of daytime broadcasting except on Saturdays and Sundays when many stations open their transmitters at mid-day or even earlier.

The vast sound and television broadcasting machine briefly described above now requires more than 10,000 people to make it function, about half of whom are employed by the CBC and half by private broadcasters. In terms of coverage, about 96 per cent of Canadian homes are now equipped with radio receiver sets and some 60 per cent with television sets although better than 80 per cent of the Canadian people are now within reach of one or more television transmission signals.

The Cost to the Public

In considering this question, sight must not be lost of the fundamental fact that television is a vastly more expensive medium than radio and that, while the advent of television has tended to reduce the amount of commercial revenues to be derived from radio, expenditures on sound broadcasting have continued to increase.

We do not propose, at this stage, to prognosticate what our broadcasting system will or should cost during the next several years. We simply wish to state, in broad terms, how much the present system is costing the taxpayer.

For the sake of simplicity, we have not taken into account, in computing these costs, any element of public subsidy that may be contained in the programming service given by the Canadian Broadcasting Corporation to its private affiliates, particularly in the field of television. Since any such subsidy element will in any event be

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reflected in CBC costs, there seems little point, for our present purposes at least, in attempting to determine what proportion of the CBC's overall costs is attributable to the affiliation of private stations to its networks.

The Corporation's capital requirements have in recent years normally been met by interest-bearing government loans. The servicing of these loans has been included in our assessment of the cost to the public of our broadcasting system. At the present time, annual interest payments on these loans amount to approximately \$900,000.

For the fiscal year ended March 31, 1956, the combined operating expenditures of the CBC, including servicing of loans, totalled \$44.5 million while total income from all sources was \$43.2 million, thus leaving a net deficit of \$1.3 million. As might be expected, the biggest single expenditure — \$28.8 million — was for programme production. Other fairly sizeable items were \$7.8 million for engineering, \$1.6 million for administration, \$2.5 million for microwave and line connections and \$1.7 million for depreciation and obsolescence.

Of the CBC's total income of \$43.2 million, some \$13.3 million were derived from CBC commercial activities and approximately \$400,000 from miscellaneous sources. The balance of the income was made up of \$6.25 million granted by Parliament under section 14 (3) of the Canadian Broadcasting Act, the proceeds from the 15 per cent excise tax on radio and television receiver sets and parts which produced \$22.8 million, and finally \$379,000 which was the sum total of the licence fees paid that year by private broadcasters under Part I of the General Radio Regulations. The true cost to the public of our broadcasting service can therefore be arrived at by adding these last three items to the deficit of \$1.3 million bringing the total to nearly \$31 million. The true cost to the public, computed on the same basis, for radio and television broadcasting services in the fiscal years 1955 and 1954 was respectively \$23.7 million and \$16.7 million.

This increase in the cost to the public of radio and television is explained mainly by the very rapid expansion of television services. In radio the CBC's operating expenditures went from \$13.4 million in 1954 to \$14.3 million in 1956, while in television the increase was

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from \$8.4 million in 1954 to \$30.2 million in 1956.¹ This wide divergence in the rate of expenditure increase in radio and television during the past few years is, of course, due not only to the fact that the latter medium is so much more costly than the former but also to the fact that television transmissions did not begin in Canada until 1952 while sound broadcasting dates back to the early nineteen-twenties. As will be seen later in this report, these expenditures will continue to grow for some time to come before any significant levelling off can reasonably be expected.

¹ In the figures quoted above, direct costs of sponsored programmes have been included with programme costs, whereas in the annual statements of the CBC such direct costs are deducted from commercial income.

Chapter III

The Programme Fare

PROGRAMMING in radio and television is mentioned several times, directly or indirectly, in our terms of reference as set out in Order in Council P.C. 1955-1796 of December 2, 1955¹. While it is true that the Order in Council places special emphasis on television programming in general and on CBC aural and visual broadcasts in particular, we did not feel we could report properly on the matters referred to us unless we considered the whole radio and television programme fare made available to Canadians by both public and private broadcasters.

In our public hearings, we heard a great deal about television and radio programmes from many witnesses who appeared before us in all provinces and also from many individuals who expressed their views in letters to the Commission. We will attempt to summarize these valuable, though in many cases personal or subjective, opinions from Canadian individuals and organizations.

In addition, we felt that we should obtain a more impersonal and objective analysis of the Canadian broadcasting fare which would assist us in making our recommendations and would also assist Parliament and the Canadian public in their future consideration of these problems. We were fortunate in obtaining the services of Dr. Dallas Smythe, a research professor in the Institute of Communications Research at the University of Illinois, to undertake with the assistance of several of his associates the required study and analysis of Canadian radio and television programmes. Dr. Smythe was born and spent the early years of his life in Canada, but has spent his professional

¹ Appendix I.

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life in the United States, where he has been engaged in several extensive research projects and was, for a time, the member of the staff of the Federal Communications Commission in Washington responsible for the planning and conduct of social and economic research.

The material submitted to us by Dr. Smythe and his associates was voluminous, at times technical, but always interesting. He approached the study from the standpoint of the Canadian viewer and listener and considered the nature of the programmes emitted in a selected week by public and private television and radio stations. The week chosen was that of January 15 to 21, 1956, because it was in the winter season when programming is generally of better quality than in summertime and because it contained no unusual events which would make it unrepresentative of the normal broadcast fare. The study included all 33 television stations, both public and private, that operated during that week. For radio, a carefully selected sample of 62 of all the operating stations was used. For purposes of comparison, a very small sample of United States border television stations was also examined for the same week. The total time on the air during the sample week for each station was broken down into a number of programme classifications and subclassifications¹ and the total elapsed time devoted to each class of programme was compiled in a large number of comparative tables. On the basis of these tables, Dr. Smythe prepared an exhaustive programme analysis which is printed separately as Volume 2 of this report. Later in this chapter, we will attempt to summarize some of the more significant facts that emerge from the analysis and to draw certain conclusions from these facts. Although Dr. Smythe's analysis has been printed *in extenso* in Volume 2, we did not feel that the general public would be sufficiently interested in the basic tables to warrant the expense of having them translated and printed in large numbers. However, the material contained in them is fundamental information which may be of great value to students and analysts of Canadian broadcasting. We therefore arranged to produce a limited number of copies of both the television and radio tables and will make these available to broadcasters and to university and other libraries throughout Canada.

¹ For easy reference, Appendix IX contains the definitions of programme classifications used by Dr. Smythe in his analysis which is printed separately in Volume 2 of this report.

First, then, as to the evidence we received on programmes provided by Canadian radio and television stations. In general, we can say that the weight of evidence indicates that Canadians like the programme fare they are getting. This is not to say, nor would one expect, that all people liked all programmes or even that any individual approved of everything that was broadcast. But the performances of both the CBC and the private stations were able to command a substantial measure of support. Both public and private broadcasters seem to have been able to please more than some of the people, more than some of the time.

With regard to CBC radio and television programming, by far the greater number of witnesses, including a number of organizations which favoured greater freedom for private broadcasters, urged that CBC programming should be continued and expanded. Despite some divergent views tenaciously held, there is general commendation for the nature and quality of the Corporation's broadcasts. From many different parts of the country we heard evidence to the effect that the Corporation, through the high standards of its musical programmes over the years, had been effectively instrumental in raising the level of popular tastes in music. There was also a good deal of praise for the Corporation's farm broadcasts. The most common complaint was that there was too much violence in some of the children's programmes and that these programmes were not always aired at suitable hours. There was virtually no complaint that CBC programming was too highbrow; indeed there was some demand for a greater proportion of the more serious types of broadcasts. It may be significant that the demand for an increase in the number of discussion and panel types of programme came largely from organizations representing rural communities.

The private stations came in for a good deal of criticism on the grounds that their programming was unimaginative and contained too high a proportion of disc jockey and give-away types of programmes. They were also charged with employing far too little Canadian talent and, generally, with tending to level off their programme standards at the lowest common denominator. On the credit side of the ledger, there was a good deal of warm praise for the quality of the news services provided by private stations as well as for a variety of community service broadcasts which were held, in many quarters, to be of outstanding value. At the same time, it was

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assumed by most witnesses that private stations could not be expected to give their listeners or viewers the same quantity or, indeed, the same quality of Canadian-produced programmes as the CBC. A large majority of witnesses, even including some ardent champions of public broadcasting, agreed that there was a place in Canada for the private broadcaster even though many felt that place should be restricted to the local level. This reinforces our view that men and women in this country like the kind of broadcasting system we have, although many feel that the private station broadcasts are perhaps more uniformly tawdry than they really need to be.

Concerning broadcasting generally, a surprising amount of interest was shown in educational broadcasts. Most witnesses recognized that radio, and more particularly television, are tremendously influential instruments, and many would like to see greater use made of these instruments in the realm of formal education. The value of the present school broadcasts was stressed by many witnesses from all parts of Canada. The Corporation Générale des Instituteurs et Institutrices Catholiques de la Province de Québec stated that 75 per cent of the teachers in the Quebec City area wanted television in the classroom. The general view was that the Canadian Broadcasting Corporation could advantageously expand its activities in this field, without in any way impinging on provincial rights, simply by co-operating fully with, or by having educational programmes prepared entirely by, the various provincial ministries of education. As a rule, witnesses from the Province of Quebec seemed to be better satisfied with children's programmes in the French language than witnesses from other provinces with similar English language programmes.

Sports programmes generally are liked by all classes of the population but there are many who feel that wrestling should have a much more limited place, or no place at all, in Canadian television.

From the mass of evidence we have examined, it is clear that Canadians generally do not object to advertising as such. But there are many who feel that some advertising is unduly lengthy, or vulgar, or, in some cases, actually misleading. There are also those who feel that advertising messages should not be allowed to interfere with the flow of a programme and that they should always and automatically be restricted to natural breaks in any broadcast.

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An astonishing number of organizations suggested that advisory groups of one kind or another should be established to help the CBC in designing its programming. There was a suggestion that a National Advisory Council be established with membership drawn from all parts of Canada, the purpose of which would be to assist the Board of Governors in having constant access to public opinion from coast to coast. Others urged the establishment of provincial, or regional, or even local committees to advise the Corporation on various aspects of broadcasting, particularly children's programmes and the adult education type of broadcasts. Notwithstanding these numerous representations, we cannot agree that it would be wise to give formal recognition to advisory bodies of this kind because, to a large extent, they would usurp one of the important functions which the Board of Governors has been established to discharge, and that is to represent the people of Canada. That is not to say, of course, that the Board cannot from time to time seek the advice of organizations with specialized knowledge in certain fields. But we think it would not only be impractical but wrong in principle to set up a whole series of official advisory groups as has been suggested to us.

This very sketchy summary of a substantial volume of evidence gives an inadequate picture of the opinions of Canadians concerning their broadcasting fare. It fails also to reflect in sufficient detail the great amount of study that went into the preparation of submissions from many individuals and organizations in all provinces. In some cases, briefs were based on quite exhaustive surveys and dealt with many points other than those to which we have referred. Some of these points will be discussed in later sections of this report when we come to particular subjects to which they relate. For the rest, since this Commission cannot hope to devise a detailed blueprint for Canadian radio and television programming and can at best only indicate the broad lines of approach, we commend the briefs we have received to the attention of the operating officials of both the CBC and of the private broadcasters. In particular we commend them to the attention of any public body that may in future be responsible to Parliament for the control and supervision of our broadcasting system.

In contrast to the mainly subjective and personal evidence given to us during the course of our hearings, the programme analysis made for us by Dr. Dallas Smythe is entirely objective. It is based on fact,

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not on an individual's tastes or prejudices. It is quantitative, not qualitative. Dr. Smythe's analysis, therefore, does not reveal whether the symphonic broadcast by station ABC was nothing but nerve-shattering caterwauling or whether the jazz programme by station XYZ was a beautifully done symposium of modern rhythms. The analysis merely reveals that at a certain time station ABC was broadcasting symphonic music and station XYZ a jazz programme. But this kind of information is invaluable because it has enabled us to determine how well public and private broadcasters meet what should be their main objective, and that is to offer well balanced programming. "Balance" is the key word—balance as between the various functions that can be performed by radio and television.

In Canada, there appear to be four principal functions which we expect our broadcasters to discharge. These are, first, to inform (news, public events, the reporting of facts); secondly, to enlighten (interpretation of the news, education, discussion, debate on the facts); thirdly, to entertain (enjoyment, relaxation); and fourthly, to sell goods (advertising, distribution of goods and services). Any broadcaster who performs only one of these functions and none of the others, or even too much of one and too little of the others, is not a good broadcaster. Furthermore, there must be balance between the various components in each of the broad functions referred to above. A broadcaster who provides his audience with nothing but XVIth century music and Ibsenish dramas is no better than the broadcaster who never moves out of tin-pan alley and the cops-and-robbers theatre.

Has the Audience a Choice?

In a multiple station city, a broadcaster would appear to be justified in concentrating on a particular type of programme which was not made available by any of the other stations. With this possibility in mind, and also in order to determine how varied in fact was the choice of programmes available to the Canadian listener and viewer, we asked Dr. Smythe to analyse the programmes broadcast on a Tuesday, a Wednesday and a Sunday, early in January, 1956, by all six radio stations in Toronto, where there is the greatest concentration of stations broadcasting in one language.

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This analysis demonstrates clearly that some broadcasters, in Toronto at least, tend to offer the same things at the same times. By and large, they try to compete with other stations not by attempting something different but by offering more of the same. For example, there is general fondness for the five-minute newscast and most broadcasters in Toronto, most of the time, give these capsule news programmes every hour on the hour. Quite apart from the fact that a five-minute period is hardly enough time to give more than the headlines, it seems to us that the people of Toronto might perhaps be better served if the broadcasters of that city, both public and private, resorted to the simple expedient of staggering their respective newscasts so that news bulletins could be heard at almost any time of the day on one or other of the six stations. Another example of this kind of conformity. Anyone who had turned on his radio set in Toronto at 1.45 p.m. on Tuesday, January 17, 1956, and flicked the dial over to the six stations in turn would have heard popular or dance music at CBL, CJBC, CKEY, CKFH and CHUM, and old-time or western music at CFRB. These are admittedly extreme examples, but by no means isolated.

On the other hand, there were periods, particularly during the evening hours and on Sunday, when the Toronto radio stations offered the listener a real choice. For example, at 8.30 p.m. on Wednesday, January 18, 1956, the listener had his choice of serious drama at CBL, a sports programme at CJBC, a dramatic presentation in the western, crime and action category at CFRB, popular or dance music at CKEY and serious music at CKFH (the sixth station, CHUM, had closed down at 5 p.m.). And if the listener had switched to television at that time he would have found a comedy in progress at CBLT and a variety show at WBEN-TV Buffalo. This is good cross-programming and the listener had a real choice. But these occasions are too infrequent. During the three days under review, it was difficult to find any time, except on the Sunday, when at least two and more often three of the six stations were not grinding out the latest hit tunes.

Our analysis of these three days of radio broadcasting in Toronto reveals that there tended to be more uniformity than diversity in the programming of the six stations at any given time. But what about the balance in the programming of any one station? Here,

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performance varied widely between stations. For example, during the 19 hour period from 6 a.m. on Wednesday, January 18, 1956, to 1 a.m. the following morning, the programming on station CKEY consisted of 15 hours and 19 minutes of popular and dance music — this is what CKEY's brief to the Commission whimsically described as "the recorded folk music of the American continent"¹ —, 2 hours and 40 minutes of news and weather, 42 minutes of sports news and 19 minutes of old-time or western music. This organized apotheosis of the juke-box may be good business. But it is hardly balanced programming.

Station CHUM's performance was not much different. Of the 9 hours and 15 minutes that station was on the air — from 7.45 a.m. to 5.00 p.m. — 7 hours and 10 minutes were devoted to popular or dance music, 1 hour and 5 minutes to news and weather, 30 minutes to sports news, 15 minutes to religion and 15 minutes to social and human relations.

Another rather unbalanced performance was that of CJBC, the CBC's originating station for the Dominion network. From 6 a.m. to seven minutes past midnight — a period of 18 hours and 7 minutes — this publicly owned station broadcast 11 hours and 6 minutes of popular or dance music, 1 hour and 45 minutes of serious music, 1 hour and 16 minutes of news and weather, 50 minutes of sports news, 30 minutes of personalities or oddities, 30 minutes of variety, 30 minutes of prose or poetry readings with musical background, 20 minutes of children's variety, 15 minutes each of Canadian activities, comedy, old-time or western music, foreign lands and peoples, social and human relations, and 5 minutes of the family living type of programme.

On the other hand, stations CFRB and CKFH did a considerably better job for the listener. During the 19 hours Station CFRB was on the air from 6 a.m. to 1 a.m. the next day, it presented the following programmes:

Popular and dance music	6 hrs. 32 min.
News and weather	2 hrs. 40 min.
Domestic drama (soap operas, etc.)	1 hrs. 30 min.
Light music	1 hrs. 40 min.
Old-time and western music.....	1 hrs. 05 min.
Sports news	0 hrs. 52 min.

¹ Exhibit 123, p. 1.

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Variety shows	0 hrs. 55 min.
Action, crime and western drama	0 hrs. 45 min.
Quiz, games and contests.....	0 hrs. 40 min.
Social and human relations.....	0 hrs. 30 min.
Family living and shopping	0 hrs. 28 min.
Occupational broadcasts such as farm, fisheries, etc.	0 hrs. 22 min.
Personalities (broadcasts with or about celebrities, or people in the news, or oddities, etc.).....	0 hrs. 20 min.
Children's variety show	0 hrs. 16 min.
Miscellaneous information	0 hrs. 15 min.
Religious broadcast	0 hrs. 10 min.

Station CKFH had somewhat less diversified programming than station CFRB. From 6 a.m. Wednesday morning until 1 a.m. the next day, CKFH gave its listeners the following:

Popular or dance music.....	6 hrs. 30 min.
Old-time or western music.....	3 hrs. 35 min.
News and weather.....	2 hrs. 30 min.
Sports news	1 hrs. 35 min.
Serious music	1 hrs. 25 min.
Sports events	1 hrs. 20 min.
Light music	1 hrs. 00 min.
Religion	0 hrs. 35 min.
Occupational broadcasts such as farm, fisheries, etc.	0 hrs. 25 min.
Programme promotion	0 hrs. 05 min.

On the same day, January 18, 1956, the sixth Toronto station, CBL, provided the following menu during the 17 hours and 5 minutes from 7 a.m. to five minutes past midnight:

Serious music	3 hrs. 21 min.
Serious drama	2 hrs. 00 min.
News and weather	1 hrs. 49 min.
Domestic drama (soap operas, etc.).....	1 hrs. 30 min.
Popular or dance music	1 hrs. 19 min.
Youth educational	1 hrs. 15 min.
Old-time or western music.....	1 hrs. 10 min.
Light music	0 hrs. 57 min.
Family living	0 hrs. 47 min.
Fine arts and literature	0 hrs. 37 min.
Social and human relations	0 hrs. 37 min.
Occupational broadcasts such as farm, fisheries, etc.	0 hrs. 30 min.
Variety shows	0 hrs. 30 min.
Political and other controversial affairs	0 hrs. 27 min.
Religion	0 hrs. 15 min.

It must be remembered, of course, that because of the "Wednesday Night" programme, CBL carried relatively more serious fare that day than it does at other times. For example, from 8 p.m. to 10 p.m. on Wednesday, January 18, 1956, CBL had two hours of

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serious drama while the same period, the previous day, was devoted to action, western or crime drama, light music, old-time or western music and a religious programme. Similarly, the full ninety minutes between 10.30 p.m. and midnight on Wednesday was taken up with serious music while, the previous evening, thirty minutes of the same period were devoted to fine arts or literature, thirty minutes to popular or dance music and thirty minutes to old-time and western music.

Programme Balance in Radio

Let us now consider the overall pattern of sound broadcasting from coast to coast.

The 62 radio stations whose programmes were analyzed by Dr. Smythe include 4 CBC Trans-Canada, the one CBC Dominion, 2 CBC French-language, 8 private Trans-Canada, 16 private Dominion, 9 private French-language network affiliates, 14 private unaffiliated English-language and 8 private unaffiliated French-language stations. We were particularly anxious not to choose a group of stations that would give undue weight to any one of a number of different factors. Therefore, in making the selection, we kept in mind such considerations as geographical location, balance between urban and rural areas, single versus multiple ownership, newspaper ownership, length of time the stations had been in operation, etc. We believe the sample we have chosen is a fair one that will give a pretty accurate picture of the type of broadcasting that is actually being carried on in Canada today. We have deliberately omitted all supplementary private affiliates from our English-language sample as we thought it more useful for our purposes to have clear-cut categories without introducing the confusing element of intermediate shadings. We obviously could not do this in the French-language sample as there is only one private basic affiliate of the French network.

One broad distinction that can be made in programming is between information-orientation type broadcasts and entertainment-type broadcasts. In the first category are included the following programme classes:

- News and weather
- Nature and science
- Foreign lands and peoples
- Political and other controversial public affairs

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Social and human relations
Miscellaneous information
Canadian activities and heritage
"Feedback" programmes ¹
Religion
Agriculture, fisheries, etc.
Family living and shopping
Youth educational programmes
Programme promotion

Included in the entertainment-type category are the following:

Fine arts and literature
Dance (presented as an independent art)
Music
Drama
Variety
Personalities
Quiz, games and contests
Sports
Children's drama
Children's variety
Children's quiz, games and contests
Children's other programmes

This broad distinction is of course arbitrary. There are those who may not derive much enjoyment from a Bach fugue or a Shaw play while others may find a dissertation on the *mores* of the Laplander highly entertaining. Nevertheless, we agree with Dr. Smythe that there is some merit in bringing together in groups those classes of programmes which for most of the people, most of the time, represent sources of entertainment on the one hand or information and orientation on the other.

During the week of January 15, 1956, we find that entertainment-type programmes amounted to almost three-fourths of the programming on all 62 radio stations. Broken down amongst the 8 classes of stations with which we are concerned, the percentage of time devoted to entertainment-type programmes was as follows:

CBC Dominion	86.9
Private English unaffiliated	76.5
Private French unaffiliated	76.2
CBC French	73.9
Private Dominion	73.7
Private French network	71.0
Private Trans-Canada	71.0
CBC Trans-Canada	63.7

¹ Programmes that concern the relations of the station with its audience.

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Our analysis revealed that the relative importance accorded different types of programmes by the various classes of stations was as follows:

CBC TRANS-CANADA STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Serious music	16.2
Light music	10.5
News and weather	9.5
Popular music	8.4
Old-time and western music	5.7
Domestic drama	5.5
Youth educational	5.3
Fine arts and literature	4.8
Canadian activities and heritage	4.4
Religion	4.4
Agriculture, fisheries, etc.	3.8
Serious drama	3.1
Variety	2.9
Political and public affairs	2.8
Social and human relations	2.2
Family living	2.2
Sports news	1.5
Sports events	1.4
Comedy	1.4
	<hr/> 96.0

The remaining 4 per cent of the time on CBC Trans-Canada stations was filled with nature and science, foreign lands and peoples, miscellaneous information, "feedback" programmes, crime or western or action drama, personalities, programme promotion, fairy tales and other children's programmes; but none of these classes took up more than a fraction of 1 per cent of total time on the air.

CBC DOMINION STATION

<i>Programme class</i>	<i>Percentage of total time</i>
Popular music	50.7
Serious music	11.8
Old-time and western music	6.7
News and weather	6.5
Sports news	2.8
Light music	2.5
Religion	2.2

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CBC DOMINION STATION — *Con.*

<i>Programme class</i>	<i>Percentage of total time</i>
Personalities	2.0
Fine arts and literature	1.8
Other children's programmes	1.6
Children's variety	1.2
Variety	1.2
Family living	1.2
Political and public affairs	1.1
Readings with music	1.1
Social and human relations	1.0
Comedy	1.0
	<hr/> 96.4

The balance of this station's time was devoted to nature and science, foreign lands and peoples, Canadian activities and heritage, agriculture and fisheries etc., serious drama, crime or action or western drama, sports events and fairy tales. But here again, each of these classes of programmes occupied less than 1 per cent of total time on the air.

CBC FRENCH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Popular and dance music.....	19.5
Serious music	17.5
Domestic drama	11.1
Light music	8.7
News and weather	5.7
Religion	3.9
Fine arts and literature	3.7
Family living	3.1
Political and public affairs	2.8
Social and human relations	2.8
Agriculture, fisheries, etc.	2.7
Personalities	2.5
Variety	1.7
Programme promotion	1.6
Fairy tales	1.5
Canadian activities and heritage	1.5
Sports events	1.3
Miscellaneous information	1.2
Comedy	1.1
Old-time or western music	1.0
	<hr/> 97.1

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In addition, programmes which, in each class, took up less than 1 per cent of total time were devoted to romantic music, other music, quiz, games and contests, sports news and youth educational programmes.

PRIVATE TRANS-CANADA AFFILIATES

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music	31.8
News and weather	11.2
Old-time or western music	6.3
Domestic drama	6.2
Light music	5.9
Religion	5.2
Serious music	3.8
Variety	3.5
Family living	3.3
Sports news	2.2
Sports events	2.2
Serious drama	2.0
Youth educational	2.0
Agriculture, fisheries, etc.	1.9
Human and social relations	1.7
Quiz, games and contests	1.5
Political and public affairs	1.4
Fine arts and literature	1.1
Canadian activities and heritage	1.1
Crime, action or western	1.0
	<hr/> 95.3

On the private stations affiliated with the network, less than 1 per cent of total time was devoted to each of the following programme classes: nature and science, foreign lands and peoples, miscellaneous information, "feedback" programmes, merchandising programmes, readings with music, comedy, other drama, personalities, children's action or crime or western drama, fairy tales, children's variety, children's quiz, games and contests, other children's programmes and programme promotion.

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PRIVATE DOMINION AFFILIATES

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music	41.6
News and weather	11.8
Old-time or western music	8.6
Religion	5.8
Light music	4.2
Sports news	3.4
Serious music	2.7
Family living	2.1
Sports events	1.7
Quiz, games and contests	1.7
Variety	1.6
Crime, action or western drama	1.5
Political and public affairs	1.3
Social and human relations	1.2
Comedy	1.2
Personalities	1.2
Agriculture, fisheries, etc.	1.1
Readings with music	1.0
	93.7

The classes of programme that occupied less than 1 per cent of total time on the private Dominion affiliates were nature and science, foreign lands and peoples, miscellaneous information, Canadian activities and heritage, fine arts and literature, merchandising programmes, serious drama, domestic drama, comedy, romantic drama, youth educational programmes, children's crime or action or western drama, fairy tales, children's variety, children's quiz and games, other children's programmes and programme promotion.

PRIVATE FRENCH NETWORK AFFILIATES

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music	30.5
Serious music	10.7
News and weather	8.9
Domestic drama	7.5
Light music	5.6
Religion	5.2
Old-time or western music	3.7
Family living	3.4
Agriculture, fisheries, etc.	3.4
Fine arts and literature	2.9

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PRIVATE FRENCH NETWORK AFFILIATES — *Con.*

<i>Programme class</i>	<i>Percentage of total time</i>
Social and human relations	2.6
Political and public affairs	2.1
Canadian activities and heritage	1.7
Sports news	1.5
Variety	1.3
Quiz, games and contests	1.3
Serious drama	1.2
Sports events	1.1
Personalities	1.1
	<hr/> 95.7

Programme classes occupying less than 1 per cent of total time on private French network affiliates were foreign lands and peoples, miscellaneous information, merchandising, comedy, other drama, youth educational programmes, children's crime or action or western drama, fairy tales, children's variety, children's quiz and games, other children's programmes and programme promotion.

PRIVATE ENGLISH-LANGUAGE UNAFFILIATED STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music	49.3
News and weather	12.6
Old-time or western music	7.9
Religion	4.9
Light music	3.9
Family living	2.8
Sports news	2.7
Variety	2.1
Domestic drama	1.6
Quiz, games and contests	1.6
Personalities	1.4
Crime, action or western drama	1.3
Sports events	1.0
	<hr/> 93.1

In addition to the above, a thin scattering of the following programme classes was given by the above group of stations: nature and science, political and public affairs, social and human relations, miscellaneous information, Canadian activities and heritage, fine arts and literature,

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agriculture-fisheries etc., merchandising, serious music, readings with music, serious drama, comedy, romantic drama, musical comedy, other drama, youth educational programmes, children's crime or action or western drama, fairy tales, children's variety, children's quiz and games, other children's programmes and programme promotion.

PRIVATE FRENCH-LANGUAGE UNAFFILIATED STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music	53.5
News and weather	9.8
Religion	5.8
Light music	5.6
Old-time or western music	4.0
Serious music	3.1
Family living	2.7
Sports news	2.6
Domestic drama	2.5
Quiz, games and contests	1.5
Canadian activities and heritage	1.2
Agriculture, fisheries, etc.	1.2
	93.5

In the less than 1 per cent of total time category were the following programme classes: foreign lands and peoples, political and public affairs, social and human relations, miscellaneous information, "feed-back" programmes, fine arts and literature, merchandising, readings with music, serious drama, other drama, variety, personalities, sports events, youth educational programmes, children's crime or action or western drama, children's variety, children's quiz and games, other children's programmes and programme promotion.

* * *

The eight tables set out above illustrate more vividly than any words could, the type of sound broadcasting which is now being carried on in Canada. However, there are two important qualifications that must be attached to any conclusions based on these tables. The first is that the figures set out in the tables are percentages of *total time* on *all* stations in each category. As we have seen in our analysis of the performance of the six Toronto stations, performance can vary considerably between stations in the same category. Therefore,

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it cannot be assumed that each of the fourteen stations in the private English-language unaffiliated category devoted 49.3 per cent of its time to popular or dance music simply because that happened to be the percentage of the total broadcasting hours all fourteen stations devoted to that particular programme class. We know that, in this case, 49.3 per cent is much too low for some stations and too high for others. The second qualification is that the smaller the percentage of time devoted to any given programme class, the less likely it is that any significant number of stations carried that kind of programme. To take an extreme example, since only 10 minutes were devoted to nature and science by private English-language unaffiliated stations during the week under review, it is probable that only one station broadcast this type of programme. Notwithstanding these qualifications, we believe that useful conclusions can be derived from the tables.

The first and obvious conclusion is that the CBC Trans-Canada and the CBC French-language stations offer what appears to be better balanced programming than the other classes of stations. The CBC Trans-Canada and French-language stations have clearly made a serious effort to provide a broadcasting fare designed to satisfy as wide a range of tastes as possible. We are not competent to suggest precisely how the relative weight given to each programme class ought to be altered, if at all. That is for the broadcasters, social scientists and others expert in the art of mass communications to say. However, it seems to us that CBC Trans-Canada programming could profitably contain more entertainment for children. True, 5.3 per cent of the total time was devoted to youth educational programmes but only 0.6 per cent of the time was taken up by fairy tales and 0.6 per cent by other programmes designed to entertain children. This, of course, raises an interesting problem. Most people will agree that television is a more effective medium to reach children than radio. It is therefore deliberately, perhaps, that the CBC restricted its total radio output for children during the review week to 6.5 per cent of total time on the Trans-Canada, 3.2 per cent on the Dominion and 2.4 per cent on the French network, whereas 16.7 per cent of the CBC English television stations' time and 19.9 per cent of its French television stations' time during the same week was taken up with children's programmes of various kinds. This may ultimately be the best solution, but the fact remains that nearly half of our Canadian homes are not equipped with

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television receiver sets. We therefore suggest that public and private broadcasters alike should, at least until such time as television can be seen in a substantial majority of Canadian homes, consider the desirability of increasing somewhat the number of radio programmes designed specifically for children. The main criticism of the CBC French-language radio stations is that they appear to carry an unusually high proportion of domestic drama (mostly soap operas).

The CBC Dominion station (CJBC) has poorly balanced programming. Its 11.8 per cent content of serious music seems to be fairly adequate but we consider it excessive for this station to fill more than half its broadcasting hours with popular or dance music. It appears even more excessive when one considers that other stations in the same area provide that kind of fare *ad nauseam*. We also feel that such items as Canadian activities and heritage, agriculture-fisheries etc. and children's programmes are deserving of a greater share of the broadcast week than that given to them by CJBC.

All three groups of private stations affiliated with the networks — Trans-Canada, French and Dominion — allowed more time to popular or dance music than to any other programme class. Nearly one-third of the total time was devoted to this kind of music on Trans-Canada and French network affiliates and more than 41 per cent of the time on Dominion affiliates. The French network affiliates carried considerably more serious music than the other two affiliate groups. All three gave approximately the same amount of time to religion and light music. By and large, the three affiliate groups presented fairly diversified programming but tended to give more popular or dance music, religion, news and weather, and rather less of most other programme classes than the CBC Trans-Canada and French network stations.

Popular or dance and old-time or western music really comes to the fore in the English-language and French-language unaffiliated stations — 57.2 per cent of total time in the former case and 57.5 per cent in the latter. Both groups devoted a considerable portion of time to newscasts, religion and light music but, beyond that, percentages of time devoted to a number of important programme classes rapidly became so small as to justify the conclusion that diversification was much less than that to be found in the programming of the six other groups of stations.

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As one moves from the CBC stations (except CJBC), through the three affiliated groups, to the two unaffiliated groups, one generally finds progressively more of the lighter types of programmes and progressively less of the more serious kinds of broadcasts and also progressively less diversification in the overall fare. There are two notable exceptions to this general rule. The first is religion of which more is to be found on private stations than on CBC stations and the second is domestic drama of which many times more is presented by CBC stations than by private unaffiliated stations. These two exceptions to the general trend are, however, easily explained. There are many who feel that religious broadcasts can be done better and have greater impact if they are given locally because a pastor is then speaking to a flock he knows and that knows him. If one accepts this view, it would seem only natural that private stations, particularly the essentially local unaffiliated stations, would carry more religious broadcasts than the CBC stations whose programmes are about 90 per cent network originations. Domestic drama is much more plentiful on CBC stations and private affiliates than on the unaffiliated stations simply because soap companies and others apparently choose to sponsor their domestic dramas on a network rather than on an individual station basis.

It is clear, from the following table, that CBC network originations of the more adult type of broadcasts have contributed much towards making the overall programme pattern of the three groups of private affiliates better balanced than the more uniformly light fare to be found on the two unaffiliated groups of stations.

SELECTED PROGRAMMES CLASSES HEARD ON PRIVATE
NETWORK AFFILIATES

<i>Programme class</i>	<i>Percentage originating on CBC networks</i>		
	<i>Trans-Canada affiliates</i>	<i>French affiliates</i>	<i>Dominion affiliates</i>
Nature and science	100.0	—	—
Foreign lands and peoples	18.9	—	84.2
Political and public affairs	82.2	92.7	47.4
Social and human relations	81.4	57.6	73.6
Fine arts and literature	91.6	98.4	93.8
Agriculture, fisheries, etc.	46.1	82.0	3.9
Serious music	90.0	74.2	70.1
Serious drama	100.0	100.0	23.0
Comedy	62.2	100.0	96.2
Youth educational	92.7	92.8	90.7

Programme Balance in Television

Our programme analyst reviewed every programme broadcast by each of the 33 television stations operating during the week of January 15, 1956, and also, for purposes of comparison, the programmes broadcast by stations WBEN-TV Buffalo, a CBS affiliate, and WNYZ-TV Detroit, an ABC affiliate.

During that week, entertainment-type programmes constituted 73.9 per cent of programming on all 33 television stations, which is almost identical with the 73.7 per cent for radio. The percentage of time given to entertainment-type programmes for each class of stations was as follows:

Private English	75.5
CBC English	73.9
Private French	68.8
CBC French	61.5

Evidently, English stations broadcast considerably more entertainment-type programmes than do the French stations and the same is true for the private as compared with the CBC stations in both languaged services.

The relative amount of time devoted to various programme classes by the four categories of television stations during the week under review was as follows:

CBC ENGLISH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Crime, action or western drama	14.5
Comedy	8.0
Variety	7.8
Sports events	5.5
News and weather	5.0
Canadian activities and heritage	4.9
Children's action or crime or western drama.....	4.7
Children's variety	4.0
Popular or dance music	3.6
Serious drama	3.5
Youth educational	3.5
Domestic drama	3.4
Other drama	2.5
Children's comedy	2.4
Foreign lands and peoples	2.3
Sports news	2.3

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CBC ENGLISH-LANGUAGE STATIONS — *Con.*

<i>Programme class</i>	<i>Percentage of total time</i>
Religion	2.2
Romantic drama	2.2
Political and other public affairs.....	1.9
Family living	1.8
Serious music	1.8
Personalities	1.6
Social and human relations	1.5
Nature and science	1.5
Fine arts and literature	1.3
Other children's drama	1.3
Old-time or western music	1.1
	<hr/> 96.1

In the less than 1 per cent total time category were to be found miscellaneous information, dance, agriculture-fisheries, etc., light music, quiz and contests, fairy tales, children's serious drama, other children's programmes and programme promotion.

CBC FRENCH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Youth educational	10.0
Sports events	7.8
Quiz, games and contests	7.6
News and weather	5.3
Foreign lands and peoples	5.0
Variety	4.8
Other children's programmes	4.8
Canadian activities and heritage	3.8
Family living	3.8
Romantic drama	3.8
Personalities	3.8
Comedy	3.7
Sports news	3.6
Religion	3.5
Social and human relations	3.3
Domestic drama	2.9
Programme promotion	2.9
Serious drama	2.4
Political and public affairs	1.9
Serious music	1.9
Crime, action or western drama	1.9
Popular or dance music	1.7

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CBC FRENCH-LANGUAGE STATIONS — *Con.*

<i>Programme class</i>	<i>Percentage of total time</i>
Children's crime or action or western drama.....	1.4
Nature and science	1.0
Light music	1.0
Musical comedy	1.0
Fairy tales	1.0
Children's serious drama	1.0
Children's quiz and games	1.0
	97.6

There were also, in less than 1 per cent quantities, programmes in the following classes: fine arts and literature, agriculture-fisheries etc., old-time or western music, children's comedy and other children's programmes.

PRIVATE ENGLISH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Crime, action or western drama	17.9
Variety	8.1
Comedy	8.0
News and weather	5.9
Domestic drama	5.0
Children's variety	4.8
Children's crime or action or western drama	4.4
Popular or dance music	4.3
Family living	4.1
Sports events	4.0
Canadian activities and heritage	3.2
Serious drama	2.5
Sports news	2.4
Youth educational	2.4
Romantic drama	2.2
Religion	2.0
Children's comedy	1.7
Other childrens' programmes	1.6
Other drama	1.5
Old-time or western music	1.5
Political and public affairs	1.4
Social and human relations	1.3
Foreign lands and peoples	1.0
Quiz, games and contests	1.0
	92.2

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In addition to the above, private English television stations allotted less than 1 per cent of their total broadcast week to each of the following programme classes: nature and science, miscellaneous information, feedback programmes, fine arts and literature, the dance, agriculture-fisheries etc., merchandising, serious music, light music, musical comedy, personalities, fairy tales, children's serious drama, children's quiz and games, other children's programmes and programme promotion.

PRIVATE FRENCH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Variety	8.4
News and weather	7.8
Family living	7.1
Romantic drama	6.7
Quiz, games and contests	6.5
Sports events	5.8
Sports news	5.3
Crime, action or western drama	5.1
Personalities	3.6
Canadian activities and heritage	3.5
Comedy	3.3
Youth educational	3.3
Foreign lands and peoples	2.9
Domestic drama	2.9
Serious music	2.6
Light music	2.6
Popular or dance music	2.6
Children's crime or action or western drama	2.5
Serious drama	2.2
Other drama	2.2
Children's comedy	1.8
Social and human relations	1.7
Religion	1.6
Agriculture, fisheries, etc.	1.1
Fairy tales	1.1
Children's quiz and games	1.1
Political and public affairs	1.0
	<hr/>
	96.3

These stations also carried certain other programme classes to each of which they allowed less than 1 per cent of the broadcast week.

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There were nature and science, miscellaneous information, fine arts and literature, merchandising, old-time or western music, musical comedy, children's serious drama, other children's programmes and programme promotion.

In evaluating the four tables set out above, it must be remembered that the greater importance of network programmes in television renders even small differences in programme class percentages more indicative of divergent programming policies than in the case of radio. Among the five programme classes to which most time is allotted on the CBC French stations are to be found youth educational, sports events and foreign lands and peoples. None of these appear in the top five classes on the private French stations. On the other hand, the private French group had variety, family living and shopping, and romantic drama amongst its five most prevalent programme classes but these do not appear amongst the first five programme classes on the CBC French stations. No such sharp differences can be detected in the English language stations where both public and private stations gave top priority to drama in the crime, western or action category.

Notwithstanding the English-language stations' perhaps excessive predilection for Messrs. Hickok, Holmes, Queen and Cassidy and the French-language stations' equally fervent devotion to the quiz, games and contest type of programme, we have found that television has, despite its youth, achieved better programme balance than radio.

As stated earlier, Dr. Smythe analyzed, for purposes of comparison, the programmes broadcast by station WBEN-TV Buffalo, and WXYZ-TV Detroit. There is very little difference in the proportion of time devoted by the two U.S. stations and the Canadian stations to such programme classes as news, nature and science, foreign lands and peoples, religion, family living and shopping, domestic drama, musical comedy and children's variety. Significant differences were however found in political and public affairs (1.5 per cent in Canada, 0.1 in the United States), social and human relations (Canada 15, U.S. 0.4), Canadian activities and heritage (Canada 3.6 as opposed to 0.1 on counterpart U.S. activities and heritage), music (Canada 7.4, U.S. 1.5), comedy (Canada 7.5, U.S. 12.7), crime, action or western (Canada 15.5, U.S. 18.7), variety (Canada 7.9, U.S. 9.1), personalities (Canada 1.3, U.S. 2.5), quiz and contests (Canada 1.5, U.S. 5.6) and sports programmes (Canada 7.3, U.S. 2.8). Although the two U.S.

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border stations broadcast considerably more children's programmes (20.5 per cent) than Canadian stations (16.0 per cent), the relative weight given to the various sub-classes was quite different. The Canadian stations devoted more time to educational programmes (3.1 as opposed to 0.9 per cent) and less to children's drama (7.9 as opposed to 13.6 per cent). Children's variety shows occupied almost exactly the same amount of time on both groups of stations.

Canadian Content

So far in this chapter, we have tried only to determine how balanced and well-rounded was the sum total of the sound and television programming available to the listener and viewer. We shall now attempt to establish the degree to which that programming is Canadian in content.

One rapid, if none too accurate, method of doing this is to look at the amount of money which is spent in the course of a year on Canadian talent appearing on radio and television. During the year ended March 31, 1956, the amount paid by the CBC for artists' fees was \$9.1 million (radio \$3.8 million and television \$5.3 million). In one of its submissions to the Commission, the CARTB stated that during 1955 the private radio and television stations originated more than 105,000 local live programmes representing a total special talent expenditure of more than \$2 million. It will come as a surprise to no one that the CBC spends over four times as much as the private broadcasters on Canadian talent. And it should be remembered that these figures give no indication whatever of the canadianism of CBC as opposed to private station broadcasts. Programmes featuring transcriptions of Canadian music or films made by the National Film Board or independent Canadian film producers are just as Canadian as those featuring live talent. Furthermore, when a private station spends \$200 on Canadian talent it usually canadianizes one programme only. On the other hand, a large majority of the Canadian talent hired by the CBC is employed on a network basis which means, of course, that when the CBC spends \$200 on this kind of talent it canadianizes the output of as many public and private stations as happen to be hooked in to the network at the time.

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Perhaps a more accurate picture of the Canadian content situation can be obtained by examining the origin of the programmes heard or seen on radio and television during the week of January 15, 1956. This is what we found:

PERCENTAGE OF TOTAL TIME TAKEN UP BY LIVE OR RECORDED CANADIAN PROGRAMMES

Class of Station	RADIO STATIONS ¹	Percentage of total time
CBC Trans-Canada		63
CBC French		60
Private French affiliates		46
Private Trans-Canada		41
Private Dominion		29
CBC Dominion		23
Private English unaffiliated		23
Private French unaffiliated		20

Class of Station	TELEVISION STATIONS	Percentage of total time
CBC French		87
Private French		76
CBC English		45
Private English		44

The figures set out above represent the amount of Canadian content to be found in total programming, both network and local. Generally speaking, Canadian content of network programmes is greater than these two tables indicate.

In radio, CBC English and French-language stations (except CJBC Toronto) seem to have a satisfactory volume of Canadian content but many private stations, particularly those in the unaffiliated categories, rely heavily on imported recordings. Perhaps by reason, partly at least, of *force majeure*, French-language television stations, both public and private, are much more "Canadian" than their English-language counterparts. The latter still need to increase the Canadian content of their programmes but this is largely a question of finances about which we will have more to say later in this report.

¹ Our programme analysis does not reveal the country of origin of radio network programmes but we obtained the figures for the week of January 8, 1956, and applied the same percentages of Canadian content to the radio network programmes in the week of January 15, 1956, on the assumption, which can safely be made, that overall Canadian content of radio network programming does not vary significantly from week to week.

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In giving this emphasis to Canadian content we do not mean to suggest that American influence is something nefarious. The problem of the influence on Canada from the United States is not mainly that American television programmes are too bad, but many of them are, in a special sense, too good. It would be difficult to justify a Canadian policy that sought to protect Canadian viewers from poor American programmes. Such paternalism by the state in the field of cultural values would be hard to defend. Some American television programmes are no doubt filled with either too much commercialism, too much violence or other undesirable features. For such programmes, the good taste of Canadian viewers, their different and independent judgment could safely be relied upon to deal adequately. A more suitable and acceptable Canadian programme fare would have a relatively easy time in meeting the competition of the poor types of American programmes.

But many American programmes are good programmes, well and imaginatively conceived and produced. The great artistic wealth of the United States is able to produce programmes of great variety and interest. Their material wealth enables them to command the services of good writers and performers, and the best technical skills in programme production. To compete with such programmes with Canada's limited resources of creative talent and money is very difficult indeed. The question naturally arises: why should we try? The answer is that what may be a "good" programme for a viewer in the United States is not necessarily a "good" programme for a Canadian viewer, if a separate Canadian consciousness and sense of identity is a desirable national objective. Many of these American programmes necessarily and properly deal with American values. They help to create an American consciousness and sense of national identity but not, naturally, Canadian values in these areas. To match such American programmes is a difficult but essential task of Canadian television.

There is the odd voice in Canada that is prone to disparage the quality of the broadcasts of our national system and to assert, with an assurance as unwavering as it is ill-informed, that everything that comes from the United States is automatically and inevitably better than its Canadian counterpart. This may be illustrative of an inferiority complex which, fortunately for Canada, is by no means an exclusive product of this country. That American broadcasters

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produce magnificent programmes, no one disputes. They have many of the best creators and interpreters in the world. And they also have the wealth. On the other hand, few will dispute that other American productions are considerably less than good. But this should not prevent the full realization on the part of us all that Canada, with many times fewer artists and dollars, has done and will continue to do many very worthwhile things in the broadcasting field. Although some may question our competence to do so, we would like to cite three examples to illustrate the point. The first is a performance of Puccini's "La Bohème" produced by the CBC in Montreal several months ago. Obviously, since it was a Canadian production, this broadcast did not have a budget in the \$100,000 bracket. Neither did it have Callas in the lead nor Karajan on the podium. Yet it was one of the most beautifully and intelligently done television operas we have ever seen. It was not just a photographic record of an opera-house performance. It was television at its best — with producer, conductor, singers, musicians, set designers and camera-men, all contributing to the final result: a top-flight television production in any country and by any standards. The second example, in quite a different field, was one of the Wayne and Schuster programmes in which they had a skit called "Beat the taxes". This was a hilarious performance. Just as amusing, if not more so, than many programmes by top-flight American comedians. And it had the advantage of being Canadian in content. It had also the refreshing effrontery to ridicule what, to some advertisers at least, is sacrosanct, — and that is the give-away type of programme which is little more, in the final analysis, than the exploitation of misery for profit. The third example is a suspense drama called "Time Lock" which was written in Canada and first produced for television by the CBC several months ago. The production had all the pace, the professional sheen and the suspense that could possibly be expected of this kind of dramatic presentation. It was every bit as good as a subsequent television presentation of the same play from New York. And yet, if our information is correct, the cost of the Canadian production was little more than half the cost of the American presentation.

Many more examples of this kind could be cited. The Canadian viewer need not feel that Canadian radio and television is second best. It often is, of course, but on many other occasions the Canadian public

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is listening to or viewing the best that can be found anywhere. Our correspondence included a number of unsolicited letters from the United States indicating that Canadian broadcasting, particularly CBC radio programmes, were highly regarded in that country.

In many ways, as Dr. Smythe points out in his memorandum "On the comparative availability of United States TV network programmes in communities with TV service in Canada and the United States" which is contained in Appendix X to this Report, the CBC is perhaps its own worst enemy. By selecting some of the best television programmes from the *three* U.S. networks for re-transmission on the *single* Canadian English-language network, it is perhaps unwittingly misleading the Canadian public into believing that the relatively high standards of the selected programmes are representative of all American television broadcasts. The following is a portion of what Dr. Smythe, a U.S. citizen and an expert in the field of mass communications, had to say on this subject. "Upon investigation, it appears that even with the present availability of TV programme services in Canada, Canadian viewers are no worse off than the more than one-quarter of the U.S. population located in 52 per cent of U.S. TV communities having only a single TV station. Canadian viewers are probably better off than this would suggest by virtue of the more even-handed availability in such single-station communities of network programmes from all three U.S. networks than is possible for U.S. viewers with the commercial system of selecting network programmes through station affiliation contracts. And likely, Canadian viewers are in the same situation as are the majority of viewers located in 81 per cent of U.S. TV communities in *not* having available to them the full programme services of three TV networks. Substantial grounds exist, therefore, for concluding that it is a "distant fields are greener" phenomenon when Canadian viewers envy U.S. viewers the enjoyment of three network services showing programmes like those selected by the CBC for broadcast in Canada."¹

We have found, then, that the CBC has given a good deal of tangible encouragement to Canadian creative and interpretative talent and that much of that talent was of superior quality. This has been of decided benefit not only to the artists themselves but to the general

¹ Appendix X.

public as well. It has, for example, resulted in a number of Canadian symphony orchestras being better orchestras than they could afford to be without CBC financial support. We believe this is not only a legitimate but desirable use of public funds. True, a number of artists developed and made known by the CBC have later been lured to greener fields, particularly in the United States. But that is not an exclusively Canadian phenomenon. New York and Hollywood are full of Englishmen, and Frenchmen, and Russians, and Scandinavians whose talents are better remunerated in those two centres than they could be in their own countries. We cannot agree that the slow drain of some of our best talent to the United States is a valid reason to stop encouraging the development of that talent. We suggest that the CBC should continue, within the limits of the funds placed at its disposal, to provide every encouragement to a representative cross-section of good Canadian talent. The CBC has already contributed much to the cultural growth of Canada and can contribute much more.

With some notable exceptions, the private stations have done relatively little to encourage Canadian talent. Our examination of the financial position of these stations reveals beyond any doubt, as we indicate in Chapter VI, that many could do more than they have done and yet be leagues away from anything resembling bankruptcy. There is a special and useful role that private stations can play in this field. It would be unreasonable to expect the CBC to introduce budding or amateurish artists to a national audience, but not at all unreasonable to expect the private stations to do so locally. Indifferent as some of these performances might be from a purely esthetic point of view, the local audiences would likely enjoy them because the artists are part of the same community. It is an old and human urge to cheer the home team on to victory. If the private stations take this task to heart, and do it with adroitness and perseverance, there will likely emerge from time to time really good talent that might never have developed had it not been provided with the opportunity to grow. Furthermore, there does not appear to be any valid reason why certain of the more prosperous stations, particularly in the larger urban centres, should not produce at least a few first-rate Canadian programmes which the CBC could carry on its networks, either nationally or regionally. It seems to us that much more could be achieved along these lines than is being done now.

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Centralization of Production

Related to the question of the use to which Canadian talent is put in our broadcasting is the question of centralization or decentralization of programme production. Obviously, whatever production of original programmes is undertaken by the private stations will have to be done wherever those stations happen to be. But what of the CBC with its vast radio and television networks? Should the production of network broadcasts be more or less centralized than it now is? We heard many witnesses on this subject and although few, if any, had any specific complaints about the present situation, many suggested that a certain amount of decentralization was a good thing. To date, the bulk of CBC programming has been produced in Montreal and Toronto, but there has been some production in other areas as well. The following table gives a geographical breakdown of the number of artists employed in 1951 (the last full year of radio before the advent of television), 1953 and 1955:

NUMBER OF ARTISTS (WRITERS, ACTORS, MUSICIANS, ETC.)
EMPLOYED BY THE CBC

<i>Region</i>	<i>Number of Artists</i>			<i>Number of Appearances</i>
	<i>1951</i>	<i>1953</i>	<i>1955</i>	<i>1955</i>
Newfoundland	88	145	216	1,768 ¹
Maritimes	472	523	796	6,448 ¹
Quebec	2,066	3,426	4,190	66,823
Ontario	1,728	2,934	3,801	49,855
Prairies	508	747	1,040	16,068 ¹
British Columbia	562	740	1,092	16,484 ¹
	5,424	8,515	11,135	157,446

After carefully examining the various factors that come into play, we are of opinion that a certain amount of decentralization will increase the usefulness — without necessarily improving the quality — of radio and television in this country but that there are limits beyond which it would be both impractical and undesirable to go. As a general rule, we feel that the production of programmes involving ideas rather

¹ Based on spot check of artists' payrolls for three weeks in 1955 and projected to a yearly basis.

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than the arts — such programmes, for example, as farm and fisheries broadcasts, social and human relations, controversial public affairs, discussions of special regional problems, etc., — can profitably be decentralized to a considerable extent. On the other hand, we feel it would be economically and artistically unsound and unfair to the listener and viewer to decentralize the production of most entertainment-type programmes, particularly of the more lavish variety. Large-scale decentralization of this type of programme would be economically unsound because it necessarily entails the duplication of expensive studio facilities and operating personnel in a number of cities and towns throughout Canada. From the purely artistic point of view, the national audience deserves the best and in almost every case the best will be found in the larger centres. As with most general rules, however, this one has exceptions. For example, the best in Newfoundland folklore is to be found in Newfoundland and any programme of this kind should therefore presumably originate in St. John's and not in Montreal or Toronto. Other examples of this sort could be cited. But on the whole, we urge that the greatest caution be exercised in the decentralization of entertainment-type programmes and that such decentralization should never be undertaken merely for the sake of satisfying regional pride. The result of indiscriminate decentralization can only be of negative value: the Canadian public will have to pay more money for less quality.

Advertising on the Air

The following table indicates the percentage of time taken up by commercially sponsored programmes on the eight groups of radio stations during the week of January 15, 1956:

PERCENTAGE OF TOTAL RADIO TIME DEVOTED TO COMMERCIALY
SPONSORED PROGRAMMES

Private unaffiliated English	67.4
Private Trans-Canada affiliates	62.4
Private Dominion affiliates	57.0
Private unaffiliated French	51.4
Private French affiliates	47.4
CBC French	22.3
CBC Trans-Canada	15.4
CBC Dominion	10.6

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There is nothing objectionable in having a good programme commercially sponsored and we do not wish, therefore, to comment adversely on the fact that so many of the programmes on the private unaffiliated English-language stations were sponsored. However, it is perhaps more than a coincidence that this group of stations also had the poorest performance from the point of view of programme balance. We are not suggesting that these stations should be less commercial. We are simply saying that their programming ought to be designed primarily for the benefit of the public, and if this means sacrificing some advertising revenue there should be no alternative but to make the sacrifice.

More important, in our estimation, than the quantity of commercially sponsored programmes is the actual amount of time taken up by advertising messages on any one of the groups of stations. This information is set out in the following table:

PERCENTAGE OF TOTAL RADIO TIME DEVOTED TO ADVERTISING
MESSAGES ¹

Private unaffiliated English	10.4
Private Trans-Canada affiliates	9.9
Private Dominion affiliates	9.4
Private French affiliates	7.4
Private unaffiliated French	7.3
CBC French	3.8
CBC Trans-Canada	2.5
CBC Dominion	2.4

These figures represent, of course, percentages of the sum total of all the time all the stations in a given group were on the air. Time actually taken up by advertising messages on individual stations was often much higher or much lower than the percentages set out in the table above. In the private unaffiliated English group the high was CKEY Toronto with 17.1 per cent of total time on the air and the low CKBC Bathurst with 3.1 per cent. The high point in the private Trans-Canada group was 13.3 per cent at CJOC Lethbridge and the low 7.7 per cent at CJAT Trail. High point in the private Dominion group was CHAB Moose Jaw with 15.4 per cent and low point CKTS Sherbrooke with 2.9 per cent. In the private affiliated French group we

¹ Includes both spot announcements and messages within the body of a sponsored programme but not outright merchandising programmes of which a very few were found in all groups of private stations and none on CBC stations.

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find a high of 10.1 per cent at CJBR Rimouski and a low of 4.1 per cent at CHGB Ste-Anne de la Pocatiere while in the private unaffiliated French group the high was 11.7 per cent at CKVL Verdun¹ and the low 2.8 per cent at CKBN Montmagny. None of the individual CBC stations strayed very far from the overall percentages in the table which perhaps is not surprising in view of the fact that they do not accept local radio advertising.

In television, the percentage of total time devoted to commercially sponsored programmes in the four station classes was as follows:

Private English	62.9
CBC English	48.8
Private French	43.7
CBC French	27.0

As to the total amount of time taken up by advertising messages, the percentages were the following:

Private English	7.9
Private French	6.6
CBC English	5.8
CBC French	3.4

The only significant point to be derived from these four tables is that while in radio there were almost 7 percentage points difference between total time taken up by advertising on all CBC stations and all private stations (CBC 2.4 per cent — Private 9.1 per cent) on television the difference was narrowed to less than three percentage points (CBC 5.3 per cent — Private 7.8 per cent). There are at least two reasons for this. One is that on CBC television stations local advertising is accepted. The other is that, in radio, there are a large number of unaffiliated stations which do not carry non-commercial network programmes.

As we repeatedly say throughout this report, we consider that advertising has its rightful place on the air. But here, as in every other human endeavour, one must appraise the acceptability of advertising messages on the basis of veracity and esthetics. An advertising message can be almost a work of art. And some of them are. But others are tedious, distasteful and sometimes misleading. Even

¹ This station does some broadcasting in English, but by far the largest proportion of its programmes is broadcast in French.

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the CBC, with its record of excellence in the radio field, has not always avoided these pitfalls. Whether the stations are publicly or privately owned, the listeners and viewers have every right to expect that the broadcaster will never allow advertising to be tasteless or senseless or misleading or, even worse perhaps, never-ending.

The National Programme Service

Under the terms of section 8 of the Canadian Broadcasting Act, the CBC is charged with the responsibility of providing a national broadcasting service within Canada. We have seen, in Chapter II, how the CBC has interpreted this mandate in the light of the recommendations of various parliamentary committees and of the Royal Commission on National Development in the Arts, Letters and Sciences. But how has this interpretation of the CBC statutory mandate been carried out in practice?

In radio, the CBC Trans-Canada network is in operation for 113 hours and 40 minutes, the Dominion for 30 hours and 35 minutes and the French network for 110 hours and 35 minutes each week. However, hours per week of network programming that private basic affiliates are obliged to take (reserve time) are only $8\frac{1}{4}$ to 9 hours on the Trans-Canada, 5 to $5\frac{1}{4}$ hours on the Dominion and 21 hours on the French network. In addition to the reserved time which basic affiliates must respect, a number of commercial network programmes are carried by private affiliates. But the total time allotted to network programmes is generally much less than the total time during which network programming is available. The CBC admits quite freely that a much greater proportion of network programming can be considered to be in the "national service" category than that which can be fitted into the reserved time. Reduced to an over-simplified table, these proportions are as follows:

	<i>Total hours per week</i>		
	<i>Network operating hours</i>	<i>National service type programmes</i>	<i>Reserved time</i>
Trans-Canada	113 hrs. 40 ms.	78 hrs. 45 ms.	$8\frac{1}{4}$ to 9 hrs.
Dominion	30 hrs. 35 ms.	17 hrs. 55 ms.	5 to $5\frac{1}{4}$ hrs.
French	110 hrs. 35 ms.	76 hrs. 45 ms.	21 hrs.

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Why then does the CBC not oblige the private affiliates, at least those in the basic category, to carry the full complement of national service type broadcasts put out on the network wires each week? There is at least one very plausible reason for this. With its own radio stations, the CBC now reaches 87 per cent of the Canadian population. In the circumstances, the CBC feels that the private affiliates, which exclusively reach only fringe volumes of population should be allowed sufficient free time to remain solvent through the sale of advertising and to render certain community services which the CBC stations do not attempt to do.

In television, the situation is quite different. All private stations form part either of the English or of the French networks and most of them carry a good majority of CBC network originations which come to them either direct through the microwave link or indirectly through kinescope recordings.

We are not suggesting that the CBC has been wasteful or inefficient in its radio or television networking policies which, on the whole, have served the Canadian people well during the past two decades. However, because of the rather disrupting effect of television in the last few years, because of our recommendation elsewhere in this report that the CBC should henceforth actively seek commercial sponsorship at the local as well as the national level and because of the awesome increase in the costs of broadcasting, we believe that the current concept of the "national broadcasting service" is in need of more precise definition.

We do not propose to give here a detailed blueprint of what the national radio and television service should consist of, nor of the length of time it should last each day. This is one of the first and most important tasks that we would expect the proposed new Board of Broadcast Governors to undertake. We do suggest, however, that sixteen hours a day is too long and four hours too short, that not only national but also regional needs should be met in the new national service and that national, or regional as the case may be, programming should be as diversified and designed to satisfy as many different tastes (minority as well as majority) as economics and practicability may allow. We have no important reservations to make with regard to the Corporation's present concept of the national service as set out in Chapter II. We think that concept is sound and designed to serve

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the best interests of Canada as a whole. And we feel it is the special duty of the national service to recognize and serve the needs of minorities which, in the last analysis, are constituent parts of the majority — of the so-called mass audience — although we agree with Sir George Barnes, until recently Director of Television for the British Broadcasting Corporation, that minorities have no vested right in their being recognized and therefore must be pretty large before recognition by the broadcasting organization is warranted. But the needs of significant minorities must be met by the national service as must also the subconscious needs that will only become conscious after the audience has been made aware, by the broadcaster, that the need exists. Above all, the national service must constantly strive to reflect our distinctively Canadian culture which was so aptly defined by representatives of the University of British Columbia as embracing “everything from hockey and lacrosse to the Group of Seven and Andrew Allan’s radio drama . . . Foster Hewitt, Barbara Ann Scott, ‘Rocket’ Richard, are all important in developing the Canadian concept of Canadian culture. So also are Lawren Harris, Lister Sinclair, Earle Birney, Sir Ernest MacMillan . . . The development of Canadian culture is not the perquisite of a few. It should embrace the whole way of life of the Canadian people, and should offer something for everyone in the country.”¹

All these things should form part of the minimum essential national service. And this service, barring exceptional circumstances, should be carried as a package by all stations, both public and private, on whatever network is concerned. But outside the hours reserved for the mandatory national programme, we suggest that CBC-owned stations should be as vigorously commercial as the dictates of good taste and good programming and the norms laid down by the proposed Board of Broadcast Governors will allow.

Political Broadcasts

The area of political broadcasts is one that is bound, by its very nature, to give rise to fundamental divergences of opinion.

Reluctant as we are to venture into this area, we do so because we feel that political affairs are such a vital part of the daily life and

¹ Exhibit 68, p. 10 and 11.

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destiny of every Canadian that we would be shirking our duty if we did not comment on this most important matter which was raised on a number of occasions in our public hearings.

At present, the only statutory provisions that deal with political broadcasting are sections 21 (1) (e) and 21 (3) (4) and (5) of the Canadian Broadcasting Act. We have no particular comment to make on the latter provisions which have reference to political broadcasts, although the strict application of some of these provisions may be difficult in television. But we believe that section (21) (1) (e) should be modified in one important respect.

At present this section stipulates that the Corporation may make regulations "to prescribe the proportion of time that may be devoted to political broadcasts by the stations of the Corporation and by private stations, and to assign such time on an equitable basis to all parties and rival candidates".

Since we suggest that the proposed new Board of Broadcast Governors should be charged with the responsibility of determining overall broadcasting policies for Canada, we believe it to be a proper function of such a Board "to prescribe the proportion of time that may be devoted to political broadcasts by the stations of the Corporation and by private stations." However, we do not consider that it is a proper function of the Board "to assign such time on an equitable basis to all parties and rival candidates". In our view, this is a matter that should not be delegated to the Board or to any other agency but that it should be dealt with by the representatives of the people themselves.

We therefore recommend that the Act be amended to provide that the Board shall only prescribe the overall proportion of time that may be devoted by public and private stations to political broadcasts and that the various political parties will then agree among themselves as to how that time is to be apportioned between them.

The Broadcaster and his Audience

From the evidence we received during the course of our public hearings, it is clear that many broadcasters place a good deal of reliance on the so-called "audience rating". Before concluding this chapter on

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programming, we would like to examine briefly the nature of the audience rating and the use to which it can properly be put in radio and television broadcasting.

In considering audience ratings, it must be remembered that they can only be approximations. Indeed, wide variations are sometimes found between the ratings given to the same programmes by different survey organizations. But even if the ratings were very exact approximations, they still measure, in Canada at least, only one aspect of a programme's total impact — and that is the size of the audience. They are strictly a quantitative measure, not a qualitative one. They do not measure the *degree* of listening or viewing on the part of the audience, they simply reveal that so many *bodies* were exposed to a certain programme at a certain time. It may sometimes happen that 100 housewives have their radio sets tuned to something called "International News Review" while only 5 have their sets tuned, at the same time, to something called "The Psychology of the Teen-Ager". But if the 100 housewives were more intent on ironing shirts or waxing floors than on listening to the news review and the other 5 housewives sat down and enjoyed or did not enjoy — but at least *listened* to — the second programme, which broadcast had the greater impact? Which programme really reached the greater number of people? Obviously the second one — by a margin of five to nothing. Some people may turn on their radio sets when they get up in the morning and not turn them off until they go to bed at night. But does that prove that they are listening to a particular station? Not at all. It merely proves that their radio sets are turned on.

A concrete example of how this sort of thing can occur almost daily was experienced by one of the members of this Commission several weeks ago. One evening, after dinner, the telephone rang and a pleasant voice, representing company Z, enquired whether the radio was on. On an affirmative answer, the voice asked what station the Commissioner was listening to and of course he could not answer because he was not listening at all; he was reading the newspaper. But he dutifully went to his set and then informed the voice on the telephone that station XYZ was playing at the time, whereupon the voice graciously thanked him for his trouble. Of course, we do not know what happened after that; but if this particular conversation resulted in one vote for station XYZ, it was a pretty dubious vote.

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Notwithstanding what we have just said, we are not questioning the usefulness of audience rating surveys or the competence of the individuals engaged in these activities. But regardless of the statistical soundness of these surveys, they purport only to measure the size of the audience that is *physically* present and not at all the *intensity* of listening or viewing on the part of that audience. These surveys may therefore be more useful to the advertiser than to the broadcaster because the advertiser, naturally enough, is not usually as interested in intensity of listening as in size of audience. Indeed, it may perhaps be an advantage from the advertiser's point of view not to have too much audience absorption in the programme since the viewer or listener might then be more receptive to the advertising message.

It is perhaps worth noting, as was pointed out by the Canadian Association of University Teachers, that the businesses which sponsor major radio and television programmes are usually in imperfectly competitive markets and therefore benefit most from mass advertising. "That is to say, their success depends only partially on the quality and price of their product, and very largely on making the product's name known to large numbers of potential purchasers. Thus it is a strange cross-section of the nation's business which assumes final control of our entertainment — producers of soap, gasoline, cosmetics, stomach powders, automobiles, branded foods and household equipment."¹ These sponsors are, of course, anxious to reach the largest possible audience. But they are equally anxious to reach potential consumers. And that is why "the product and the audience become associated: beer and boxing, sentimental romance and detergents, baseball and razor blades . . . Under the system of commercial radio and television all stations are trying to attract the same audience. Thus the existence of several outlets does not mean that a wide range of tastes and interests will be reflected in the programmes produced . . . For the sponsor the programme is a vehicle for an advertising message. The programme must be good enough to dissuade the listener from trying another station. It is desirable to please the whole audience a little rather than to please some of the audience a great deal."²

But to deduce from high audience ratings that a station manages to "please the whole audience a little" most of the time would be an unwarranted conclusion. That station may be giving the people

¹ Exhibit 190, p. 4.

² Exhibit 190, p. 4 and 5.

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what the majority of loudspeakers are emitting at any given time but not necessarily what the majority of the people want. It may, as one American writer expressed it, be no more than "the titanic battle between the floor-wax people and the wall-to-wall carpeting interests for supremacy in the ranch-type suburban home."¹ And even if the station was in fact giving the majority of the people what it wants all of the time, would that be a desirable situation? What if all other stations in the area did likewise? The result, inevitably, would be "more-of-the-same" on all stations. And the so-called mass audience, a very problematical entity, is itself made up of an infinite variety of minority tastes which would never be satisfied, to say nothing of the non-mass audience which would simply have to resign itself to the complete absence of broadcasting of any kind that it could enjoy. If the audience rating rules supreme, then broadcasters will allow programming to sink to the most boringly uniform and low level. Each broadcast will become a tedious reflection of all other broadcasts.

At best, audience ratings reveal which programmes people choose from among those available. Even if the ratings are based on questions which ask audience members what programmes they like best or want more of, it is unwise to accept the answers as being too meaningful. For the audience does not normally express considered judgments on its wants in entertainment, except in relation to what is familiar. Experience with polls has shown this to be so and, on reflection, the common sense of it must be evident. If Shakespeare had never lived, can we imagine that audience members would tell a pollster that they would like to see a drama about a neurotic prince who kills most of his relatives after holding conversations with a ghost in a fog. Of course not. The broadcaster must retain and discharge his initial responsibility to lead his audience by making available fresh entertainment and experiences. And this responsibility cannot be delegated to the audience or to the advertiser. "The real danger is that the public arts will succumb to their own routines, that experiments will become fewer and fewer, that new things will only be superficially different from the old, and good things will not be allowed time enough to take hold, to root themselves, to live."²

This must not be allowed to happen in Canada.

¹ New Yorker magazine, October 23, 1954.

² Gilbert Seldes, *The Public Arts*, Simon and Shuster, New York, 1956.

Chapter IV

The Regulation of Broadcasting

Is Regulation of Broadcasting in Canada Necessary?

BEFORE considering the problem of regulating our broadcasting system and suggesting how it might be done, it may be well to consider if regulation is necessary at all. After our hearings and full consideration of this question we are satisfied of the need of regulation, not only as to the technical control of frequencies and power but also as to programme content and station performance. We are satisfied that for Canada this is a legitimate and proper function of the state, and under our constitution it is a function of Parliament.

Probably the simplest basis for this conclusion is that it was supported by the great majority of witnesses who dealt with the subject before us. There was considerable difference of opinion as to the methods and procedures by which such regulation should be exercised, but the fact of control and regulation by an agency of the state was almost universally recognized as desirable and necessary in Canada.

It might have been expected that the Canadian Association of Radio and Television Broadcasters, speaking on behalf of most of the private radio and television stations in Canada would have had basic objections to public regulation. Indeed, they did at our opening sittings submit a brief (Exhibit 16) which contained a somewhat inconclusive argument as to the nature of broadcasting, suggesting it was a form of publishing and not a public utility or within the public domain. Again, in the final rebuttal hearings another document was filed (Exhibit 308) consisting of various newspaper editorials in which it was argued that government regulation of broadcasting should be

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limited to technical controls. This exhibit was not discussed at our hearings and no argument was based on it; nor were we able to find out what we were supposed to do with it¹. However, in the original submission² it was clearly stated by CARTB that "we do not advocate that there should be no specific delegation of these functions (of Parliament or the Government) to a regulatory body having essential minimum regulatory powers over radio and television broadcasting in Canada". Then, in our final hearings, we endeavoured to discover what CARTB envisaged as the proper scope and degree of government regulation and control, and answers were given by counsel in the presence of the president, executive vice-president and some ten or twelve directors of the association³. They stated clearly that their proposals for a change in the machinery of regulation represented "no less control from the point of view of the public than is going on at the present time"⁴, that their intention was "that the control would be the same as today on the operator but the method of control would be different"⁵ and they specifically agreed that there should be control of such matters as programme content⁶, import of programmes⁷ and the use of Canadian talent⁸.

In the face of the overwhelming weight of evidence approving the need in Canada of government control and regulation of broadcasting, it is probably unnecessary to labour the theoretical arguments in favour of such regulation. But we will make a brief reference to one or two of the points which were discussed in our hearings and on which there can easily be some public confusion.

It was suggested that broadcasting is a form of publishing and that broadcasters are entitled to raise the cry of "freedom of the press", when faced with state control of their programmes and performance. Those putting forward this suggestion seemed unwilling to push the analogy with the press to the point that they opposed all such controls. But let us examine the basic question as if it had been boldly asked: — What is the need and justification for regulation of the performance of radio and television stations when other forms of public information and communication such as newspapers and magazines are left free from regulations of performance other than general laws against sedition, obscenity, libel and the like ?

¹ Evidence, p. 7447.

² Exhibit 16.

³ Evidence, p. 7226.

⁴ Evidence, p. 7096.

⁵ Evidence, p. 7154.

⁶ Evidence, p. 7146.

⁷ Evidence, p. 7141, 7147.

⁸ Evidence, p. 7142.

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Freedom of the press is one of the basic freedoms in a democratic society. But the principle can be, and is at times, used in an attempt to protect private rights and privileges which have nothing to do with the essentials of this freedom. Freedom of the press is not, except in an incidental or secondary sense, a right of the publisher to be left free from government interference or control. The essential freedom is that of the individual citizen to publish, to resort to the written and the spoken word, to communicate his ideas and proposals to his fellow citizens without prohibition or interference so long as the laws of the land are not broken. It is the right to use, and have access to, a pulpit, a press or a soap box.

This kind of right is for technical reasons not fully available in broadcasting. Up to the present time at least, the science of communicating by wireless signals has not developed to the point that every citizen can own a radio or a television transmitter. It is only possible to have, at the most, a certain number of people in Canada — possibly a thousand — broadcasting at any one time. If there were more than that number there would be the confusion of Babel. To avoid this confusion there must be control by the state which goes at least as far as allocating radio frequencies and television channels and prohibiting unauthorized persons from broadcasting over the air waves. No one has ever seriously argued against this type of technical control by the state.

But the point is important because the need of a licence necessarily results in broadcasting becoming somebody's monopoly. The decision as to who shall speak over the radio or be seen on television rests with the operators of the 189 radio stations and 38 television stations in Canada. There is nothing that any individual Canadian can do to gain access to these broadcasting media except with the permission of this handful of licensees.

The analogy with the press breaks down because of this power in a few to control the access to broadcasting facilities of the many. The freedom of the press is sometimes discussed as if it were an exclusive right of the publishers of daily newspapers. It is much wider than this. It may well be that, for economic reasons, the establishment of a new daily newspaper in any particular community is virtually impossible. But if a Canadian with a story to tell or a cause to advocate finds it impracticable to establish a daily newspaper, he may perhaps find

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it possible to have a weekly newspaper, or a monthly magazine, or, at least, to rent a duplicating machine and circulate his ideas and proposals in print. The right of access to the printed word may take many forms, some more effective than others, but access in some form is open to anyone and does not depend, as in broadcasting, on the decision of some one of the licensees of the relatively few available frequencies in Canada.

Even within the narrower comparison with the daily newspaper, the operation of a radio or television station may be distinguishable because of the newness of the broadcasting media and the fact that they have not yet developed an established body of tradition. Had they done so the case for regulation and control would be weaker. We asked, for example, a number of private radio station operators if they attempted to sell all their available time and were told that this was their objective. This, in the analogy with the newspapers, is to put them in the category of a "shopping news". For all reputable newspapers there are some portions of the paper that are not for sale and some attempt is made to preserve a balance between non-paid and advertising content. There is no such established tradition in private radio. All portions of the programme are open for advertising sponsorship; little, if any, time is specifically reserved for public service and non-commercial broadcasts, and what public service is done usually finds its place in time that could not be sold to sponsors. In these circumstances it is not surprising to find that, as a general rule, the amount of public service broadcasting by a private station is inversely proportionate to its commercial success. We would not want to minimize or ignore the substantial amount of public service that is in fact performed by many private stations in Canada and which we discuss elsewhere in this report. The present point is that it is not regarded as a primary function with accepted priorities and beyond interference.

Control by the state over the various media of communications would appear to be more acceptable for newer media and less necessary where a body of tradition and self-regulation has had time to develop. For newspapers and magazines, which have been developing a tradition for several centuries, the degree of public control is slight and is exercised by laws of general application. For moving pictures, which are a newer medium, some detailed control by the state of

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programmes and performance is generally accepted and applied; but here also, as a tradition of self-regulation developed, the degree of public control tended to become less. For the still newer media of radio and television, regulation and control of performance is justified until recognized standards of performance have been developed and applied. This type of distinction is not unique; it applies in other branches of economic life. In the older professions, such as law and medicine, where a body of professional tradition has grown up, regulation by the state is at a minimum, and control is exercised by self-regulation within these professions. With newer professions and other businesses a greater measure of public control is exercised and is accepted. But where worthy traditions of performance develop, public controls tend to recede.

Economic forces may also have an influence on the need of control and regulation. So long as there is a substantial element of commercial sponsorship in our broadcasting system, there may be a need for public control to restrain commercial forces from the excesses to which they may go. In a later section of this report, we discuss the legitimate and positive role that advertising plays in our broadcasting system. We believe that the values of commercial activities should be recognized and retained. But they can have an undesirable influence on programme performance which should be restrained. This influence is not an obvious and direct interference with programme content which is rare indeed and if attempted would be quickly resented and effectively resisted. It is rather the indirect influence on the programme schedule of the demands for time by commercial sponsors. It is not that private broadcasters are less public spirited than other people. Many of them may have a desire to produce good programmes and may attempt to do what they can. But they are faced with a conflict of interests and motives. Like other businessmen they must have a profitable business, and they make profits by selling time. Even the most public spirited broadcaster is constantly faced with an uncomfortable conflict between his desire to render a public service and his sound business instincts. His problem is further complicated when he is not the sole owner of a station and has a fiduciary responsibility to its stockholders. The demands of advertisers for time, especially for the more popular or desirable hours of the broadcasting day, can result in a monotonous similarity of programmes of immediate popular appeal

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or in a total advertising content which is excessive or in a form of advertising which in its insistence and blatancy is offensive.

Against such advertising practices the public can, in the absence of regulation, have little defence. It is true that, in the extreme case, public reaction can be violent and the operator of a station must always attempt to weigh public opinion and public acceptance of the station's performance. But within a fairly wide range, it is much easier for an operator to assess and attempt to please his commercial sponsors than to measure and meet the contradictory views of his scattered and largely inarticulate audience. These commercial demands may even be individually unexceptionable but cumulatively they may be excessive. They cannot be left to be resisted either by the force of public opinion or by the exercise of self-restraint by private station operators. If broadcasting is to serve the public interest as it should, we believe there must be some externally enforced standards of public interest to strengthen the instincts of public service that many private broadcasters feel.

Such regulations may well be a restraint on the freedom of a private station to accept an unlimited number of spot announcements or the unbridled promotion of detergents, laxatives and deodorants. However, it is not the freedom of the private station operator or the commercial sponsors that is important; it is the freedom of the public to enjoy a broadcasting system which provides the largest possible outlet for the widest possible range of information, entertainment and ideas. In recognizing that advertising has a value and a place in our broadcasting system, it is a legitimate exercise of public control to see that a limit is placed on the results of commercial pressures.

Another form of economic pressure on private stations may justify other kinds of programme regulation and station performance in Canada. The proximity to the United States and the comparative ease and cheapness with which American programmes can be acquired by Canadian radio and television stations could result in their becoming no more than outlets of American networks. If we want to have some Canadian content in our broadcasting fare and some development of Canadian talent in radio and television, a degree of regulation and control to overcome these forces of economics is inescapable. There must either be creation of Canadian programmes by a public agency and regulation to require that such programmes be carried on private

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stations; or there must be a requirement for the production of a certain proportion of Canadian programmes by the private stations themselves.

Possibly these theoretical justifications for the regulation of broadcasting in Canada are unnecessary. Perhaps the simple fact is that radio and television are powerful forces of widespread public influence, and in a complex world where life is hazardous any instrument that affects all of us cannot be allowed to get out of our control. The Canadian public has the right to expect a high standard of service from those few citizens to whom radio and television franchises are granted. It has the right to make sure that the service is well rendered.

What is Meant by "Regulation"?

The word "regulation" is a general one and covers a number of separate and distinct activities. To make our discussion as clear and simple as possible, we must first try to define our terms.

In Canada, as has been stated in earlier chapters, we have had, and this Commission believes we should continue to have, a single broadcasting system in which all radio and television stations, public and private, will be integral parts and will be subject to regulation and control in the public interest by Parliament.

Such regulation includes the following four kinds of state control over broadcasting:

- (1) Licensing regulations and procedures; the selection of those who may establish and operate radio and television stations in Canada; what channels or frequencies they may use; what power they may employ. These regulations involve many highly technical questions, but they also involve Canada's obligations under international agreements and fundamental questions of broadcasting policy.
- (2) Regulations of general application as to station performance and programme content.
- (3) Operational decisions and actions to provide a national broadcasting service, partly through public and partly through private stations.

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- (4) Supervision of the policies, performance and financial affairs of whatever public agency is engaged in the production and distribution of programmes; and general supervision of the performance of private radio and television stations.

These four types of state control may overlap to some extent but essentially they are different. The first two are what are generally and familiarly regarded as "regulations"; the last two are not really regulations at all, but may be confused with the regulatory process. We will attempt to discuss these four kinds of control in separate sub-headings later in this chapter. Before doing so we have some comments to make on the relations between Parliament and the broadcasting agency or agencies it may establish and on the type of broadcasting agencies we recommend.

How Should Regulation be Done?

In Chapter I we have attempted to explain the economic forces which influence Canadian broadcasting and which, in our opinion, make it impossible to have a broadcasting system based only on advertising revenues. If we are to have a Canadian broadcasting system, with some flow of programmes in an east-west direction across the country, with some Canadian content and with some contribution to a Canadian national consciousness, there must be a public broadcasting agency supported by substantial amounts of public money. We have also explained that this kind of problem is not new in Canadian experience. But because of the nature of broadcasting, the problem is peculiarly difficult.

The dilemma is between the danger of political interference with an agency of public information and communications and the need to retain sufficient supervision and control to ensure that public moneys are wisely spent. Obviously the public broadcasting system cannot be run by Parliament, except for general policy and supervision. There is danger in having it run by a department of government where partisan interests could have an influence or might be thought to have an influence. It is a case for delegation of authority to an agency or agencies of the state.

However, the term "delegated authority" is ambiguous and it is important to define the exact sense in which it is applied. There

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are times when the state wishes to delegate to an agency virtually sovereign powers, to place a function beyond parliamentary control except the ultimate control that Parliament can always assert by abolishing the agency. In such cases, it is desired to take certain decisions away from Parliament for various reasons; possibly because a political impasse has been reached, perhaps because the subject-matter is highly technical or complicated and therefore cannot be dealt with in debate. For this kind of delegated authority the agency established needs to be a technically expert one and its task should be defined and handed over to it without continuing detailed supervision and direction by Parliament. Such an agency usually works best if it consists of a small group, residing in or near the centre of the agency's operations. The agency has a technical job to do and should be left to do it with only a minimum of parliamentary control to see that it performs its duties and looks after its financial affairs. An example of this type of delegated authority in Canada is the Board of Transport Commissioners.

A quite different kind of delegation is that where Parliament retains its full sovereignty but entrusts detailed day-to-day administration of an enterprise to a board or agency. Expert knowledge and specialized technical procedures may be required from such an agency, which Parliament has neither the time nor the technical skill to develop and apply. This type of agency may in fact exercise, by delegation, certain legislative authority and administrative power, but it does so under the continuing supervision and control of Parliament. Its authority should be clearly stipulated and its rights and duties defined in the governing statute. Its actions are subject at all times to challenge and review by Parliament. This type of board is an agent of Parliament, to do certain things and speak on behalf of Parliament, to give attention to a problem from day to day in a way that Parliament cannot do, but always subject to parliamentary control which is never surrendered or weakened. Such a board is likely to be effective and therefore to require relatively little actual control by Parliament, if it is fairly large in numbers and is made up of people with much the same diversity of skills, experience and geographical origin as Parliament itself. If such a board, in dealing with its delegated responsibilities, can accurately reflect public opinion it is likely to act as Parliament

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would itself act, and therefore intervention by Parliament will not often be needed. We believe that this type of delegation of parliamentary authority is the kind to be applied to Canadian broadcasting.

Both radio and television are powerful media of communications. They change rapidly both technically and artistically. They must be responsive to changing needs and subject to public scrutiny and public opinion. Because the Canadian broadcasting system is growing in size and cost it needs continuous supervision and direction which Parliament, with its many other responsibilities and pressures, cannot give. There is therefore a need for delegation by Parliament to a board or agency of the daily management and supervision of the broadcasting system. But such a board or agency must remain responsible to Parliament.

We believe that existing governing statutes were intended to maintain Parliament's control over broadcasting and to define the nature of the delegation of powers to an agency of the state. This original intention has been reaffirmed by numerous parliamentary committees and by one royal commission. It may, however, be possible to clarify the statute, which was originally passed in 1936 and has remained substantially unchanged for the past twenty years. It is not surprising that, with the major developments of television and the great expansion of the broadcasting system which have occurred, the original statutes are not as precise as they might be and some desirable distinctions have become blurred. Our suggestions for change in the legislation may make it easier to understand the precise nature of the Canadian broadcasting system and more difficult to misunderstand and misrepresent it. But we should make it clear that we are not recommending any fundamental change in the concepts that have applied to Canadian broadcasting for many years.

We think there have in fact been two public elements involved in radio and television broadcasting. This factual separation of powers should be more precisely defined in law. One of these elements should be an operating agency, engaged in the operation of publicly owned stations and national networks and in the production and distribution of a national programme service throughout Canada. We think that the phrase "national programme service" should, if possible, have a more detailed definition as to its geographical scope and intended purpose than has been given up to the present time. If this agency is given

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precise responsibilities it should also be given powers sufficient to discharge those responsibilities, and financial resources, on an assured basis, adequate to do the job that Parliament intends it to do. A Crown company seems to be the simplest and most familiar form for this agency to take. The existing Canadian Broadcasting Corporation, with minor changes in its statutory powers and organization, can be this agency. Many of the subsequent chapters of this report will deal in detail with the powers, organization, operation and finances of the CBC.

The other public agency in the Canadian broadcasting field should be a board created and authorized to act for Parliament, and responsible to Parliament, for the direction and supervision of the Canadian Broadcasting system. This board should have responsibility for all elements in Canadian broadcasting. It should not, we suggest, be part of the Canadian Broadcasting Corporation and its members should not, as in the present statute, comprise the Corporation. The provision in Section 3 of the Broadcasting Act of 1936, whereby the Corporation is made to consist of the Board of eleven governors was no doubt a familiar form of statutory provision and a natural method of applying the concepts of private company law to a Crown corporation. In other Crown companies it may not matter, but in broadcasting it has probably contributed to some public confusion as to the nature of relations between the governing Board and the operating Corporation.

This Board is not part of the CBC and should not be referred to as "the Board of Governors of CBC". We suggest that a new Board, differently named, should be created by statute. The name we use in speaking of this agency is "The Board of Broadcast Governors". It could equally well have been "The Board of Governors of Canadian Broadcasting" or "The Governors of the Canadian Broadcasting System" or any other name that does not identify it with the Canadian Broadcasting Corporation.

The CBC is responsible to the Board and is answerable to it for its performance and efficiency. Similarly private broadcasters are responsible to the Board for their performance. The degree of supervision and control by the Board may vary as between the public and private elements in the single Canadian broadcasting system, and may vary from time to time as between different units in the system, but the basic relationship between the broadcasters and the Board is the same

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for all stations. They are responsible to the Board, which in turn is responsible to Parliament for the whole Canadian broadcasting system.

In the following sub-headings of this chapter, we will examine what might be appropriate statutory provisions for creating the Board of Broadcast Governors and defining its various responsibilities and functions.

The Board of Broadcast Governors

The future of Canadian broadcasting depends, to a very large extent, on the calibre and competence of the board to which Parliament entrusts the direction and supervision of the Canadian broadcasting system. No royal commission can spell out a working blueprint for such a growing and changing enterprise. At best, it can suggest the kind of system to be established and can recommend ways that certain specific matters might be handled. Nor can Parliament itself run the broadcasting system or supervise its day-to-day operations. Regular attention is needed by a board, properly selected, adequately instructed as to its duties, and sufficiently staffed.

The present provision in the Broadcasting Act for "a Board of eleven governors appointed by the Governor in Council and chosen to give representation to the principal geographical divisions of Canada" was enacted in 1936. At that time there were 75 radio stations in Canada; television had not, of course, made its appearance; the total cost for the public broadcasting system was approximately \$2 million.

In the succeeding twenty years, the conditions of the enterprise have materially changed. There are today 189 radio stations and 38 television stations operating in Canada; the annual public cost, largely by reason of the much greater costs of television, will likely be nearly \$40 million in the current fiscal year, and these costs will inevitably increase as the Canadian broadcasting system extends its coverage and scale of service. This rise in expenditures from the public treasury is only part of the story; there have been substantial increases in payments made by the Canadian public for broadcasting services through private stations, but exact figures are not readily available. The governing Board is responsible for the whole broadcasting system, which is today possibly 20 times as expensive and complicated as it was twenty

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years ago. The board required today may not be the same kind of board that was adequate and proper in 1936.

For one thing, expenditures of the present magnitude call for a board of great experience and competence in business affairs. The enterprise is now equivalent in size to many of our larger corporations, or as perhaps a closer analogy, to one of our largest universities. We do not suggest that the board responsible for broadcasting should be a precise copy of existing corporation or university boards, but it should have this in common with them that there should be a diversity of experience and skills and its members should have established reputations as leaders in Canadian life. The members of the broadcasting board should obviously have a broad knowledge of Canadian affairs. We would question if they should have expert knowledge of broadcasting or particular skills in any of the arts which contribute to radio or television programmes. At least they should not be chosen to perform special functions in broadcasting, such as engineering, legal advice, musical composition, advertising or educational direction. However at times there could well be an engineer, lawyer, composer, advertising man or university president on the board. Nor should they be chosen to represent special interests or particular groups. We think that some members should have had some experience in supervising the expenditure of forty or fifty million dollars a year; but all members should not be business executives. A broad diversity of skills and experience is needed to reflect public opinion and to assure both Parliament and the Canadian people that broadcasting policies will be wisely defined and large public expenditures will be adequately supervised.

We wish to pay unstinting tribute and respect to the services rendered over the years by the men and women who have served on the CBC Board of Governors. They have devoted much time and attention, with virtually no financial reward, to a public service. Their contribution to Canada has been a substantial one. They have brought the Canadian broadcasting system from a small enterprise, through a period of rapid expansion, to a remarkable and generally admirable stage of development. In suggesting, as we now do, that the present CBC Board of Governors should be abolished and replaced by a new Board of Broadcast Governors, there is no thought that the existing Board has been incompetent or inadequate in its performance or

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attention to duty in the past. We do so because we believe the task of regulating and supervising the Canadian broadcasting system is a different task from that which was envisaged in 1936, and different also in scope and nature from the task of the Board during the rapid expansion of the last four or five years. Now that a substantial Canadian system for both radio and television has been created, we think that the task of the Board in the next few years is a different task and calls for somewhat different qualifications and constitution of the Board. One obvious advantage of creating the new Board of Broadcast Governors would be to emphasize the change we suggest in section 3 of the Broadcasting Act, which seeks to make clear that the Board is not part of the CBC but separate from it and has responsibility for all public and private broadcasting in Canada.

This, and other changes, in the statutory provisions will be described in later parts of this chapter. We will also attempt to set forth these changes in the form of a draft statute which will be an appendix to this report. We have done so with no thought that our suggested statute is in any final or polished form, nor that its draftsmanship cannot be materially improved by the law officers of the Crown and by debate in Parliament. We have simply used the method of a draft statute as the easiest way to indicate our suggestions as precisely and clearly as possible.

The members of the proposed Board of Broadcast Governors should not only be representative of different aspects of Canadian life, but should have knowledge of the differing attitudes and aspirations of the various geographical regions of Canada. We do not think this should be a small board permanently resident in Ottawa. On the other hand, we do not think that the members of the board should be directly representative of the ten provincial areas of Canada. Presumably, at any given time, there should be at least one governor from the Maritime provinces, one from Quebec, and one each from Ontario, the Prairie provinces and British Columbia; the others should be chosen more particularly for their personal qualifications than for their geographical origins. If it turned out that a larger proportion of governors resided within easy access of Ottawa it would facilitate attendance at more frequent meetings.

For the same reason, we think there would be advantage in increasing the number of governors to a total of fifteen, so that there

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could be diversity of skills, experience and geographical origin with, at the same time, a reasonable number of governors easily accessible and available for meetings.

In the past, meetings have usually been held five times a year and have required two or three days attendance at each meeting. We suggest that meetings might be held monthly, or at least nine or ten times a year and should be completed in one or, at most, two days. Moreover, as is the practice of larger national corporations, all governors should not be expected to attend all meetings, but with careful planning important long-term policies can be reserved for discussion at certain meetings which all governors would seek to attend, and essential interim decisions could be taken at other meetings by those governors who could conveniently be present.

We suggest that the governors should be appointed by the Governor in Council for a fixed term of five years and should have security of tenure during good behaviour, subject only to removal on a joint address of the Senate and House of Commons. This is a change from the present provision which calls for a three year term, subject to removal for cause at any time by the Governor in Council. We think it is important to remove the governors from the possibility of interference from the government of the day, however remote past experience would make this possibility appear to be.

We suggest also a somewhat unusual provision that no governor shall be immediately eligible for re-appointment at the expiry of his term of office. We make this recommendation for two reasons. In the past, the general practice has been to re-appoint governors for a second, or third term and it would now probably be difficult, or at least embarrassing, not to offer to do so. One reason for a statutory limit on the length of the term is that it would probably make it easier to get suitable appointees to the Board if they knew that the period of public service required was a limited one and that appointment was not, in practice, equivalent to a life sentence. The second, and contrasting, reason for this suggestion is that it would provide for a gradual and assured rotation in the membership of the Board of Broadcast Governors, which would be highly desirable. It is important to have frequent and material changes in the composition of the Board, not only so that a diversity of skills and experience can be drawn on, but also in order that a number of citizens familiar with the problems of

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broadcasting can be built up throughout the country. It is also obviously important that the entire membership of the Board should not change at any one time and therefore the rotation of a fifteen-member board with a basic five-year term of office would call for the retirement of three members each year. To provide this, at the outset, we have suggested in the draft statute initial appointments of governors in groups of three for a minimum of one year and a maximum of five years. Those appointed for a period of less than three years should be eligible for another term.

There is no doubt that the suggestion that governors shall not be eligible for immediate re-appointment has its disadvantages as well as its advantages. Probably there will be many occasions when the experience and skill of a particularly valued and useful governor will be lost by the rigid application of the rule. We think, however, that the advantages of regular rotation outweigh these disadvantages and that the practice should be strictly followed. A valued governor who is willing to serve again can always be brought back on the board after a lapse of one or two years.

The question of the payment of governors for their services is one of some difficulty. The motive which induces a man or woman to accept an appointment to the Board of Broadcast Governors should be a desire for public service, not financial gain. In some cases governors might prefer to serve without remuneration, and they might be in a position to do so. In other cases, competent men and women would be unable to accept appointment without reasonable compensation for the time taken from their usual sources of livelihood. Some flexibility to deal with the differing wishes and positions of different governors should be provided. The present provision of \$50 to each governor for each meeting attended, up to a maximum of \$500 in any one year seems to be unsatisfactory. It is inadequate payment to any one who needs to be paid and unnecessary for any one who is willing and anxious to contribute his services. The tying of remuneration to attendance at meetings ignores the fact that a governor's substantial contribution may consist in contact with regional and local broadcasting activities and in advice and guidance between meetings rather than the mere fact of attendance at formal meetings. We suggest a provision (similar to that in the Bank of Canada Act) which would allow the Board to determine each year the payment to individual

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governors (not including the chairman and vice-chairman) up to a maximum total amount of \$30,000 per year. This would permit variations in the remuneration of governors depending on individual circumstances and amount of time and attention devoted to broadcasting affairs. On the average, it would provide an amount somewhat below, but in line with directors' fees paid by national corporations.

We suggest that there should be an executive committee of the Board of Broadcast Governors consisting of the Chairman and three other members of the Board. This committee can be named at the first meeting in each fiscal year and should consist of members who are within easy reach of Ottawa and likely to be available in cases of urgency. The executive committee should be competent to deal with any matter which the Board can deal with, but its decisions should be reported to the full Board at its next meeting. In practice, matters of urgency and also many matters involving detailed study and public hearings might be handled by the executive committee, subject always to the direction and control of the full Board. There should also be power to appoint other standing and ad hoc committees of the Board, to enable it to do its work quickly and efficiently. A finance committee might be found to be desirable; or a programme policy committee or an ad hoc committee to study colour television or subscription television. These are only examples of committees that the Board might think it desirable to establish; it should have adequate power to do so. We do not think that there should be special payment for service on the executive or other committees of the Board, although the amount of an individual governor's service on committees would doubtless be taken into account when the remuneration of governors is determined annually by the Board.

The Chairman of the Board of Broadcast Governors must have primary responsibility for all the activities of the Board. Those activities include general supervision of the whole Canadian broadcasting system, the preparation and enforcement of general broadcasting regulations, the determination of broadcasting policy for the CBC and supervision of its financial affairs, and relations with Parliament and the public on broadcasting matters generally. In recent years the Chairman of the CBC Board of Governors has been a full-time official appointed by the Governor in Council. Elsewhere in this report, we state our views as to the high competence of the present incumbent

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of this position, but now we are concerned only with the nature of the office of chairman of the proposed new Board. An attempt has been made in the past to draw a distinction between activities of a policy nature by the Chairman and operations and execution of policies for which the General Manager of CBC was responsible. In fact the lines of distinction have become somewhat blurred and indeed this was probably unavoidable during the hectic early days of television. The recruitment and direction of a rapidly expanding staff, the supervision of engineering developments and construction plans, and the creation of a television programme service have placed an overload of responsibility on the General Manager. Inevitably, in developing policies for the Board of Governors in the rapidly expanding field of television, the Chairman has been drawn into certain phases of administration of the CBC and of the execution of policy. As far as we could discover, this has caused no serious problem of administration within CBC and has resulted in a valuable co-ordination of effort between the Chairman and the General Manager. The one unfortunate result has been some actual confusion in the public mind as to the true role of the Chairman of the Board of Governors, and it has been possible for those who desired a change in our broadcasting system to magnify this confusion. In the future, now that the television system is well established and is unlikely to grow with the same speed as that of the last four years, we think that an adequate administrative organization for CBC should be established along the lines described in a later chapter of this report, and that the Chairman of the Board of Broadcast Governors should be divorced from any active part in the actual administration of CBC or the execution of the Board's policy decisions.

We think that the function of the Chairman of the Board of Broadcast Governors is primarily to consider the public effects of the Canadian broadcasting system, its response to Canadian needs and its adequacy to meet future needs. As such the office does not call for expert knowledge or experience in the technical aspects of broadcasting. It is likely to be better done if it is not a full-time job and if it is not regarded as a permanent appointment with necessary residence in Ottawa. We think that, on the average, the chairman would need to be available for about two days a week or eight or nine days a month. As with other governors, it is desirable that there should be a limit to the tenure of the office, and that different and varying skills should be

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enlisted in successive appointments to the chairmanship. The appointment of the Chairman should be made from among the governors by the Governor in Council, who should also fix the remuneration of the Chairman, on each particular appointment. We think that the office of chairman is a responsible and important one and should be adequately recognized to meet the personal situation of each appointee. However, we recognize that this flexibility may be more nuisance than it is worth and therefore suggest, in the alternative, that the remuneration of the Chairman of the Board of Broadcast Governors should be fixed at \$10,000 per year, without the chairman participating in general distribution to governors described above.

What we have suggested as to the appointment of a chairman applies substantially also to the appointment of a vice-chairman. His responsibilities would be less onerous and the time required from him would be less than that required from the chairman, although it would be substantial. If remuneration is not fixed individually for each appointment, we would suggest alternatively payment to the vice-chairman at \$5,000 per year, without participation in general remuneration to the governors. All governors including the chairman and vice-chairman should, as at present, be entitled to be paid their actual disbursements for expenses properly incurred in discharging their duties.

The Board of Broadcast Governors will need a small but competent staff, headed by an administrative officer who should act as secretary of the Board. In later sections of this chapter we describe in detail certain functions to be discharged by the Board. These will require some technical and administrative assistance on a full-time basis.

The Chairman and other members of the Board will need to be continuously informed as to what the CBC is doing and what the private stations are doing. There will be certain enforcement functions, licensing studies, financial supervision and the like to be discharged by the Board. Its staff must be adequate to do the preparatory work on these various functions and thus make it possible for the members of the Board to serve on a part-time basis.

We cannot estimate, with any accuracy, the operating costs of the Board. However, its total expenses will not be a net increase in cost to the public treasury as many of its functions are now performed by the CBC. We recommend that the operating costs of the Board of

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Broadcast Governors should not be provided out of CBC finances. The accounts of the Board and the CBC should be kept entirely separate and the former should be provided in the annual departmental estimates, presumably in the estimates of the Department of Transport. This will provide an annual occasion when Parliament can review the Canadian broadcasting system. An incidental advantage may be that parliamentary scrutiny and debate might be focused on the operations and activities of the Board to which in our opinion it can be more usefully directed rather than on the detailed activities of the CBC.

The Licensing of Broadcasting Stations

There can be some debate as to the number of radio frequencies and television channels which can now be used throughout Canada or which, with improvements in technology, may be usable in the future. But there can be no disagreement with the fact that the number of frequencies and channels is limited, that international agreements as to their allocation must be observed, and that a licensing system by the state is a necessary and proper part of the regulation of Canadian broadcasting. Under our constitution that function clearly falls within the jurisdiction of the Federal Parliament.

The continuing need of licensing of broadcasting stations was recognized in our terms of reference when it was made a condition of our inquiry that the reconsideration of television broadcasting should be based upon the principle that "the grant of the exclusive use of certain frequencies or channels for broadcasting shall continue to be under the control of the Parliament of Canada". It was also recognized without exception by those witnesses that appeared before us, who either approved this control or took it for granted. There were differences of opinion as to the nature of such control and also as to the methods and procedures for its exercise. But it was agreed by every one that the granting of licences to establish new radio or television stations in Canada and regulation of the power, wave-length or frequency and location of all stations was a necessary function of the state. Incidental to such licensing controls are controls over the ownership and transfers of ownership of stations.

The provisions of international agreements to which Canada is a party, and existing licensing procedures have been outlined in

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Chapter II. Briefly, all licences are granted by the Minister of Transport under the provisions of the Radio Act of 1938; applications are technically examined by officers of the Department of Transport; certain matters, including applications for new private radio and television stations, changes in power, channel or location of existing private stations, and changes in ownership of stations or shares of licensee companies, are required by the Canadian Broadcasting Act of 1936 and regulations under the Radio Act to be referred to the Canadian Broadcasting Corporation for its recommendation; the Minister of Transport may then decide all such licensing questions as he sees fit, subject however to the statutory requirement that applications for the licensing of new private radio or television stations must be approved by the Governor in Council.

In the past there have been relatively few problems and difficulties in connection with changes in the licences of existing stations. There were some disputes a number of years ago concerning increases in power for private radio stations, but these do not now appear to be matters of active concern. The greatest difficulties have naturally arisen in connection with the subject of greatest importance, namely the licensing of new radio and television stations in Canada. Such a new licence confers an important, and frequently very valuable, right to the exclusive use, in an area, of a radio frequency or television channel. It may involve a decision between public and private ownership of new broadcasting facilities. It sometimes involves bitter competition between a number of private applicants for a profitable franchise. It is obviously a process in which there is always danger of favouritism, undue influence and political pressure.

No one would underestimate the real difficulties involved in the licensing of new television and radio stations in Canada. But these difficulties appear to us to be inescapable. We must have licences to preserve order in the air-waves. We can only grant one licence to a frequency or channel in any one area. The number of available frequencies and channels is small, and is limited by international agreement. Those private citizens who have obtained licences in the past have generally done well financially and there is no reason to believe that new applicants will not be similarly fortunate. In the more populous areas especially, there are likely to be several applicants for these rare and potentially valuable public assets. Some one, somehow, has to make a choice.

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We think that the present licensing procedure, with perhaps a few minor changes for the purpose of clarification, is the best system that can be devised for Canada. The grant of a new broadcasting licence is the temporary and conditional alienation of an important and valuable public asset which, by its very nature, cannot be shared by others. Such a grant is essentially a political act. Broadcasting is too important, and its influence too great, to have the basic decision as to those persons who shall be in charge of broadcasting removed from the control of those who are directly responsible to the Canadian people. Despite the problems and difficulties involved, the grant of new licences for radio and television stations should continue to have the final approval of the Governor in Council.

In practice, the difficulties can be minimized by various procedures. The technical aspects of new applications are now dealt with by competent officials of the Department of Transport. The Minister of Transport should also have advice as to the effect of the grant or refusal of the application on the existing broadcasting system. We recommend that this advice be obtained from the Board of Broadcast Governors, which we suggest should be responsible for supervision of the whole broadcasting system and to which the new applicant, if successful, would afterwards be responsible. No doubt, as a general rule, the Minister and the Cabinet will choose to act on the advice of the Board of Broadcast Governors. But the final decision, the ultimate power, in the licensing of radio and television stations should rest with the government of the day and, in the last resort, with Parliament.

In the consideration of licensing questions referred to it, we suggest that the Board should adopt definite and quasi-judicial procedures. It should hear all licensing applications in public, should continue to give public notice in advance of such hearings and should give full opportunity to all competing applicants, other licensees and the general public to be heard. The Board in considering a private application for a new licence or a change in an existing licence should give attention to the effect the grant or refusal of the application would have on the national broadcasting service. The CBC should therefore appear at the public hearing, state how the grant of the application would affect its position and argue for or against the application. All representations whether by the CBC or by private broadcasters or

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members of the public should be heard in open hearings, subject to questioning by the Board and to public rebuttal by those with opposing views. The Board should, after the hearings, reach its conclusions without private consultation with officials of the CBC or anyone else. In its report to the Minister of Transport, the Board should set forth as fully as possible the interest and position of the CBC in the application and also the interests and positions of other parties directly affected by the grant or refusal of the application. In addition and of primary importance, the report should appraise, for the Minister's guidance, the effect on the public interest of the grant or refusal of the application. Appropriate provision should be made for the publication of such reports within a reasonable time.

In the past, only applications regarding the licensing of private stations have been referred to the Board of Governors of CBC for consideration at public hearings. We recommend that in future, applications for the licensing of CBC stations, both for new stations and for changes of channels or frequencies or changes of power should be heard publicly by the Board of Broadcast Governors, and all interested parties, including private broadcasters, should have the right to be heard.

The present term of the licence for radio and television stations is five years, provided the licensee complies with all statutory provisions. We think this is an adequate and satisfactory term for the licence; it should not be less in order that the licensee will have a reasonable opportunity to establish his station and show what he can do with it, and it should not be more so that there can be a periodic review of the station's performance. In general, where performance has been satisfactory, a license should be renewed for further terms of five years each. But the Board should know when licences are coming up for renewal, should review the station's performance at that time and should not hesitate to initiate advice to the Minister that a renewal would be undesirable. If after such review, the Board contemplates advising the Minister against renewal of a licence, the licensee should be given the opportunity, at a public hearing, to show cause why his licence should be renewed.

Other details of procedure by the Board for dealing with licensing references will need to be worked out in practice. There is some evidence that because of a lack of flexibility in its statutory

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powers the Board of Governors has, in the past, devoted a disproportionate amount of its time to public hearings of licensing references. We suggest that in future this should be avoided by the development of a committee procedure to deal with this part of its work. Provisions in the regulations under the Radio Act dealing with transfers of shares of private licensee companies would appear to be cumbersome and to involve some unnecessary references of formal matters to the CBC. We suggest that these regulations should be reviewed and simplified to provide, at least, that transfers of qualifying shares do not need to be referred to the Board. Other steps may also be possible to reduce the burden of such references while preserving the intended protection against unauthorized transfers of private licences. It would obviously be wasteful for the full Board to attempt to hear all licensing references. There may be some few applications of major importance on which all members of the Board should sit. But the great mass of references will be more efficiently and expeditiously handled by a small, experienced committee of the Board which could give continuity of policy on licensing advice and could, where it seems desirable, be augmented by other members of the Board having special knowledge of the district immediately concerned in any application. The detailed reports of this special licensing committee should be transmitted to the full Board for its information and approval.

We cannot attempt to outline the principles to be applied to the consideration of licensing applications by the Minister and the Board of Broadcast Governors. Many of these have been developed over the past twenty years and would appear to be sound and valid, judging from the generally satisfactory radio and television system we have today. We will make some particular suggestions as to licensing of stations, in later chapters, when we discuss the future of Canadian radio, and the extension of television coverage. We will deal with the adequacy of licence fees paid by private radio and television stations in Chapter VI.

A few comments might be made on the choice of applicants to receive new radio and television licences. To say that the applicant should be chosen who is most likely to give the best service to the community is to utter a platitude. So also are statements that good character, a sense of public responsibility and a sound financial

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reputation are desirable qualifications for a licensee. The choice is important and, in the absence of general specifications for a suitable applicant, it may be easier to set out some of the factors that should *not* receive much weight. They are all fairly obvious. The successful applicant should not be the one with the greatest influence. He should not be the one who makes the most noise or seeks to exert the greatest pressure. He should not be the one whose motives are most starkly mercenary. Neither should he be the one with obviously worthy motives of public service but little experience in practical business operations. Broadcasting, particularly television, is a tough game played for high stakes and is no place for the worthy beginner in business.

In the consideration of licence applications, the personal qualifications and experience of the several applicants are obviously important. So also, if they can be determined, are their motives for seeking a licence. Since any private operator must ultimately at least break even, it may sometimes be assumed that profit is the only motive that causes a man to seek a licence. The profit motive in our economic system requires no apology or excuse, but in fact there are other motives also at work. An applicant may seek prestige, or power, or may be genuinely anxious to provide a public service. In other cases, he may legitimately wish to protect or expand an existing business interest in a related field of activity. The fact that he must try to make a profit in the operation of the station does not destroy the validity of these other motives, and their existence may indeed operate to modify the thrust and pressure of excessive commercialism in his performance. While the accurate assessment of motives is always difficult and no general rules can be laid down, it is probable that, in broadcasting, the applicant who has other legitimate motives and purposes in seeking a licence is likely to render a more satisfactory public service than one whose only apparent purpose is to "get in on" a new and potentially lucrative venture.

Because of frequent representations at our hearings we will now deal with two specific matters relating to licensing, namely restrictions on foreign ownership of broadcasting stations and on multiple ownership of stations and other monopoly situations.

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In Chapter II, the present licensing practice applicable to these matters has been outlined. There are really three types of situation which give rise to the danger, or the fear of danger, from monopolistic practices. One involves the chain or multiple ownership of several radio and television stations. The second is the ownership of radio or television stations or both in addition to ownership of newspapers. And the third, which may have no elements at all of monopoly, is concerned with foreign ownership of Canadian radio and television stations.

Acting on advice from parliamentary committees where these matters were considered, and under the provisions of Regulation 32 under the Radio Act, the CBC Board of Governors has refrained from recommending licences which would create or extend chain ownership of broadcasting facilities, except in very special circumstances. However, the ownership of one television and one radio station is not considered a chain operation and an application for a television licence by the existing operator of a radio station is considered on its intrinsic merits. Following consideration by a Parliamentary Committee in 1947, applications by proprietors of newspapers have been considered on exactly the same basis as other applications; an applicant has neither a better nor a worse chance of getting a licence because he is a newspaper publisher. The problem of foreign ownership of Canadian broadcasting facilities has arisen surprisingly rarely. No prohibition or limitation by statute or regulation exists in Canada, although such restrictions on foreign ownership appear in the legislation of other countries, including that of the United States. The CBC Board of Governors has felt that policy on this subject went beyond the scope of its authority over broadcasting matters and, in a recent application, where the Board approved a transfer of a substantial minority holding in a Canadian radio and television station to American interests, it recommended that some definite rule be laid down to define public policy in this sphere.

The last of these three special situations is probably the easiest to deal with. We recommend that there should be a statutory provision prohibiting any future acquisition of more than 20 per cent of the ownership of any Canadian radio or television station, directly or indirectly, by non-Canadians. We think that any existing cases of a higher percentage of foreign ownership are rare and arose from special circumstances; they are not serious and it would be unfair, having

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granted licences with knowledge of the foreign ownership, to require these interests to be sold. The drafting of an effective statutory provision is difficult as it must cover not only direct ownership by non-Canadians but also ownership by Canadian subsidiaries of foreign companies. Some assistance in meeting this difficulty may be derived from a study of the Australian Broadcasting and Television Act.

In making this recommendation for a limit on foreign ownership of broadcasting stations, we recognize the many substantial advantages that Canada has gained from foreign investment in other fields. In broadcasting, dealing as it does with media of public information and wielding so great an influence on opinion, we feel that facilities should be kept substantially in Canadian hands. If radio and television are to serve the Canadian purposes which alone justify the difficulty and expense of maintaining a Canadian broadcasting system, these purposes should not be endangered by allowing individual stations to pass out of the control of Canadians.

The other two situations — chain ownership of several broadcasting stations, and common ownership of several media of communications — can be considered together. There was naturally considerable conflict in the evidence we received on these subjects. A number of briefs, including several from labour organizations, pointed out that there were several communities in which one man or family published a newspaper and also operated a radio and a television station. The extreme example was in one Canadian city where the only daily newspaper, the only radio station and the only television station were owned by the same interests. There are a number of other examples of common ownership of several media, and several quite extensive systems of multiple or chain ownership of radio stations came into existence before present licensing practices were developed. The briefs which drew attention to these situations generally argued that there should be a specific statutory prohibition against such common ownership of the media of communications, and in some instances argued that existing "monopolies" should be broken up.

The arguments on the other side pointed out that there were advantages in common ownership of several media or of several stations, and claimed that the public might well be better served by these alleged monopolies than by any individual operators who might have acquired these broadcasting stations. Previous experience in one medium may

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be valuable in another. Experience in one community may have value in giving good service to another community. In a technical and difficult business, a man with previous experience may be able to give effective public service more quickly and completely than a man who is meeting broadcasting problems for the first time. He has trained personnel to draw on and, with several stations, may be able to offer more opportunities to his staff and thus attract better men.

So far as we were able to discover, existing "monopoly" situations have not caused any substantial public detriment. They may have led to some minor and rather silly actions by some of the individuals involved. For example, we were told that in one Canadian city, the publisher of the only daily newspaper was also the owner of a radio and television station but the public in that city could not follow the programmes of the other independent radio station because they were not listed in the daily newspaper. On the other hand, it may well be that the public in a number of communities have been better served by these examples of "monopoly" ownership than they would have been served by any other available licensees. In some cases, radio and television stations would not have been established as soon, or at all, had there been an absolute prohibition against chain ownership or the ownership of several media of communications.

We think such a prohibition is not the way to achieve the desired result. These matters should be kept flexible and depend on the discretion of the licensing authority. The basic choice for the Board of Broadcast Governors and ultimately for the Minister of Transport is to choose the applicant who will render the best possible service to the public. Other things being equal, the completely independent applicant is generally to be preferred, as monopoly situations hold a potential danger. There are also positive reasons why new and independent entrants should be preferred. In broadcasting, the total number of people who can ever be engaged in station operations in Canada is small and strictly limited by the number of channels and frequencies that can in practice be used. In an activity where the number of participants is thus restricted and especially in one dealing with public information and opinion, it is desirable to have as many different participants and different points of view as possible. The quantity of words heard or pictures seen may be important, but enrichment is increased in something like geometric proportion to the diversity of sources of

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the material. Moreover, broadcasting is an agency which needs special knowledge of local conditions and attitudes if it is to render the best service to a particular community. There are many disadvantages in remote control and absentee proprietorship.

At times, however, there are not equal claimants and a practical choice does not exist between a new and independent applicant and one who already has interests in other broadcasting stations or in other media of communications. For some communities the best, and perhaps the only, chance of having a radio or television service will depend on the licence going to a man who is already publishing a newspaper or operating another broadcasting station or both. It is not a matter that should be subject to rigid rules of general application, but should depend on the discretion of the Minister and his advisers including the Board of Broadcast Governors. The test should be the practical one of ascertaining the best immediate and long-term interests of the particular community concerned, rather than the private interests of any of the individual applicants.

Where, in fact, now or in the future, there exists common ownership of stations or of several media of communications, the possibility of actual public detriment resulting should be carefully watched. If a good service is provided by a "monopolist" it would be unjust and against the public interest to interfere with it on some theoretical basis that all monopolies are dangerous and should be suppressed. When public service is suffering because of common ownership of several media of mass communications or because of chain ownership of broadcasting stations it should be investigated in terms of actual, tangible detriment to the public. It is doubtful if such investigation can be undertaken under existing Canadian anti-monopoly statutes, but it can certainly be considered in connection with the renewal of licences. The Board of Broadcast Governors should accept the responsibility not only, as at present, for ascertaining the fact of common or multiple ownership at the time the licence is granted, but also for the continued scrutiny of performance to ensure that the multiple ownership of several stations or of several media has not resulted in actual detriment to the public.

With such continuing scrutiny of monopoly dangers, some elements of common or multiple ownership can find a place in the Canadian broadcasting pattern. We do not mean to suggest that it should have

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a predominant or general role in our system. But the fabric is likely to be stronger and the pattern more varied if we have some public ownership, some independent individual private stations, and a few multiple-station operations, all of them woven together into a single cloth by the continuing and vigilant supervision and control of the Board of Broadcast Governors.

General Regulations Applicable to Station Performance and Programmes

For reasons given earlier in this chapter, we believe that regulation of broadcasting in Canada should go beyond the technical control of frequencies and power and should extend to programme content and station performance. If we want to have radio and television contribute to a Canadian consciousness and sense of identity, if we wish to make some part of the trade in ideas and culture move east and west across the country, if we seek to avoid engulfment by American cultural forces, we must regulate such matters as importation of programmes, advertising content and Canadian production of programmes.

We recommend that the responsibility for regulating and controlling programme content and performance of both publicly owned and privately owned television and radio stations should be clearly and unequivocally defined as a responsibility of the Board of Broadcast Governors. The power to regulate carries with it the responsibility and duty to regulate.

There exists today a set of regulations applicable to radio broadcasting which are described as providing "only some minimum standards in broadcasting". It is doubtful if these regulations apply to television stations or if they are applicable to television programmes. We suggest that the radio regulations should be reviewed by the Board of Broadcast Governors and an appropriate set of regulations for television stations should be prepared. It may be that some of the existing radio regulations can be eliminated as being mere statements of legal rules that would apply in any event; others may on examination be found to be inadequate to accomplish their purposes and will need to be strengthened and made more effective. The new regulations for both radio and television stations should be made by the Board under its exclusive authority. In exercising this authority, however, the Board may wish to

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seek the advice of the CBC and of representatives of the private broadcasters. Both radio and television regulations should be made applicable to CBC stations as well as to private stations.

The present regulations provide a practical starting point for regulation of broadcasting performance in the future. In our hearings, there was little serious objection to any present regulation even from those witnesses who were opposed to existing controls by the CBC. In our final hearings, spokesmen for the Canadian Association of Radio and Television Broadcasters made it clear that they proposed the same extent and degree of control as now exists, and only wished to have a change in the method of control¹.

From this starting point we suggest that regulations requiring improvement in the programme content of some private stations might well be progressively introduced. As we state elsewhere, many of the private stations are doing a creditable job of local and community service, but some few of them are exercising the franchise granted to them by providing a programme fare that was aptly described in one brief as being of a "stupefying mediocrity". We have examined the financial position of these stations and are satisfied that they can well afford to improve their performance. We recommend that the Board should insist on such improvement. There is, of course, a clear limit on the power to improve quality and good taste by legislation and directive and we recommend therefore that, if regulation fails, the state should not hesitate to revoke these licences and transfer them to holders who will have a greater sense of public responsibility. The powers of suspension and revocation (or non-renewal) of licences, should be used when necessary.

[In developing a body of general regulations for both radio and television stations, we suggest that the Board should try to devise a system of controls which will meet the essential needs of protecting the public interest and still leave as much freedom, flexibility and decentralization as possible to permit adaptability to local variations. We suggest also that the Board should seek to enlist the active cooperation of station operators, both public and private, in developing a body of regulations which will be practical and acceptable.] From the views expressed by a number of private station operators we believe that

¹ Evidence, p. 7096, 7154.

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they recognize the need for station regulation and control of programmes in Canada and would welcome a chance to participate in drafting workable and useful regulations. With the active support of the responsible majority of private broadcasters, general regulations would then become a codification of rules of conduct accepted by most station operators, and enforcement would only be necessary to deal with a small minority of irresponsible operators whose number would presumably become progressively smaller.

[We feel, moreover, that the regulation of station performance and programme content by the Board of Broadcast Governors should not necessarily be confined to minimum standards of performance by way of regulations of general application.] It is a positive as well as a negative process and, in a country as diverse as Canada, it should be a flexible process. [What may be reasonable to require as a level of performance for a large prosperous station in a metropolitan area might be an onerous burden on a rural station.] The scope and value of the right granted to the large operator is different from the scope and value of the right granted to the smaller or marginal operator, and the public responsibility for adequate performance by the former is greater. [We suggest that the Board of Broadcast Governors should consider if general regulations can be drafted which would create a graduated scale of performance based on the size or gross income of stations. We recognize the difficulties that exist in making fair distinctions in such a method of control and it may be that it is not practicable to do so. We would, however, like to see some way for standards of performance to be raised where they can be without the levels for the whole country being set by what is tolerable for the smallest and least prosperous stations.]

Furthermore we suggest that the Board of Broadcast Governors should have the power to require improvement of performance by specific directive to a particular station. Undoubtedly the best performance is that which results from voluntary action and a sense of responsibility in the individual operator and this power by way of individual directive should be used sparingly and only after all efforts to obtain voluntary improvements have failed. But we think that the power should exist, on the basis that the objective is to obtain the best possible broadcasting service for the people of Canada and the Board of Broadcast Governors is charged with the responsibility of seeing

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that that service is provided. We recognize the dangers inherent in this type of particular regulation of private operators by a public body, and to provide added protection against possible abuse we recommend, first, that such individual directives should not be issued unless the station concerned has a full opportunity to be heard at a public hearing of the Board and, second, that there should be a special right of appeal to the Governor in Council in any case where a directive is alleged to be unduly onerous or otherwise unreasonable.

Enforcement

There was considerable evidence at our public hearings that regulations have, in the past, been inadequately enforced. Several witnesses gave examples of overly-long or too frequent advertising messages which exceeded the limits set by existing regulations. On the whole, we do not feel that the breaches or evasions of the regulations have been very serious, and the reason may well be that the regulations themselves have been so minimal that it would have been difficult to devise a serious breach of them. No doubt, the officials of CBC wished to avoid controversy with the private stations and tended to give them the benefit of any doubt and even to "bend over backwards" in their favour.

We think there are two other reasons why enforcement may not have been as vigorous as it should have been. The organizational arrangements within CBC have been insufficient and subject to conflicting duties. And the legislation has contained inadequate and impractical sanctions for the enforcement of regulations.

In the past, the enforcement of regulations has been the responsibility of the Department of Station Relations and Broadcast Regulations. This has been an operating division of the CBC which reports to the General Manager. We think this is not a satisfactory arrangement for the enforcement of regulations. The two functions assigned to the Department of Station Relations and Broadcasting Regulations are, to some extent, inconsistent. That of station relations calls for persuasion, conciliation and cooperation and is undoubtedly an important element in CBC operations. But the regulation of broadcasting and the enforcement of those regulations is quite a different function. It calls for supervision, warning, and where necessary,

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enforcement action. With these activities the operating officials of CBC should have no concern, except possibly as objects of the regulations in the operations of CBC stations. These enforcement functions should be vested in the Board of Broadcast Governors and administered by a branch or office directly responsible to the Board.

We recommend, therefore, (1) that the present Department of Station Relations and Broadcasting Regulations be discontinued; (2) that the work of creating and maintaining good relations between the CBC and the private stations be continued as an operating function of CBC, if the CBC management so decides; and (3) that responsibility for the enforcement of regulations be placed in a separate branch or office, under the Board of Broadcast Governors and responsible to it.

We think that whatever regulations exist should be enforced. If a regulation cannot be enforced it should be eliminated. Compliance should be required equally from CBC station operators as from private station operators. We do not mean to suggest that there should be petty, or rigid, or technical efforts to enforce the regulations. In a changing and urgent activity like broadcasting, honest mistakes will be made and unintended breaches of the regulations are bound to occur occasionally. In most cases, when this happens, a simple explanation should suffice. But in cases where there has been a deliberate breach of regulations, or persistent carelessness in observing them, appropriate sanctions should be available which do not now exist.

Up to the present time, the only sanction for enforcement of regulations has been the provision in section 21(6) of the Broadcasting Act, which allows the CBC after a hearing to suspend the licence of a private station, which has violated or failed to observe the regulations, for a period not exceeding three months. A limited appeal from such a suspension order, on any question of law, can be taken to the Exchequer Court under section 21(7). We think that, except in most flagrant and serious cases, the sanction of suspension of a licence is out of all proportion to the gravity of the offence. In practice, it has never been applied by the CBC and indeed, had it been, might have deprived the public in the area of necessary service. As a result, there is no appropriate enforcement action that can be taken to require compliance with the regulations.

We think that the sanction by way of suspension of licence, as set out in section 21(6) and (7) of the Broadcasting Act should

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be retained to deal with flagrant or persistent violations. But we recommend there should also be a provision for a penalty on summary conviction for breach of a regulation. During our final hearings we discussed this suggestion with the representatives of CARTB and they stated that private station operators would not, in principle, be opposed to a new penalty provision created for the enforcement of regulations by way of summary conviction¹. We recommend that such a penalty should be created by statute and that it should provide for a minimum penalty of \$50 and a maximum penalty of \$1,000 for each offence.

The provision of a simple procedure by way of summary conviction for dealing with alleged infractions of the regulations may have two incidental advantages. It affords to private broadcasters an inexpensive means of obtaining a judicial interpretation of existing regulations. One of the objections we have heard from the private broadcasters is that they have no appeal from the enforcement officers of CBC. At least to the extent that such rulings involve matters of interpretation of regulations, a private broadcaster who felt that an improper interpretation had been given by the enforcement officer could allow the matter to go to a hearing before a court of summary conviction and could argue the question of interpretation at that hearing. Moreover, if the enforcement of regulations required proof of the infraction on a summary proceeding in court, it would tend to require the Board to draft its regulations with precision and clarity and tend also to restrain the enforcement officers of the Board from extending the meaning of regulations by interpretation and administrative action.

A Right of Appeal

A number of briefs suggested that there should be some right of appeal from the decisions of the broadcasting authority. In our legal system, there can be little question that an appropriate right of appeal is, in general, a desirable thing. The problem, in any specific situation, is to find a workable and practical system of appeal. Does an agency exist, or can one be created, which would be competent to deal with an appeal and thus give to the individuals concerned an added protection against injustice or arbitrary action?

¹ Evidence p. 7334.

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In general, an appellate body brings something more to the consideration of the problem than has been provided by the court of first instance. We do not, as a rule, substitute one man's judgment for another man's, unless the man sitting in appeal has some special competence or extra experience in the subject matter. Similarly there is no value in having one board sit in judgment on an appeal from the decisions of a similarly constituted board. This would be useless duplication and would result either in the appellate board becoming a mere rubber-stamp for the decisions of the original board, or in the appellate board becoming the real decider of the issues and the original board being a useless cipher.

Broadcasting is a highly technical, new, and rapidly changing subject for which an established body of precedent and tradition does not exist. The decisions required from the Board of Broadcast Governors involve, in some instances, judicial or quasi-judicial processes, but in other instances administrative and legislative actions. All its decisions call for accumulated knowledge of the complex problems of radio and television in Canada.

Is there any other agency where such basic knowledge of broadcasting exists or could be developed? The courts do not have a background knowledge of broadcasting problems and general legal principles would provide little guidance for their decisions. The Governor in Council or a standing committee of Parliament might introduce undesirable political factors into any decision. An inter-departmental committee of civil servants would be unlikely, with casual part-time attention to broadcasting problems, to acquire a superior competence to justify their sitting in appeal from the Board. In some specific matters, such as the suggested new procedure for enforcement of regulations on summary conviction, the courts can appropriately act; the matter is justiciable, involving the interpretation of a written regulation and the factual determination of whether a regulation has or has not been observed. But for other matters, there is likely to be a more informed hearing and therefore a wiser and fairer decision from the Board of Broadcast Governors than from any other body that now exists or could be created.

In the regulation of Canadian broadcasting and the control over our single national broadcasting system, we are attempting to break new ground. We are developing a new legal agency in the

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Canadian social structure, for which precedents are lacking and exact analogies within our system do not exist. Some building up of practice and theory may perhaps be done, from time to time, as a result of the intensive study of broadcasting problems by a royal commission or by a parliamentary committee. But, in the main, the development of regulation and control of Canadian broadcasting will come from the actions of a competent Board of Broadcast Governors, and the gradual development by that Board of a body of usage through the decisions of specific controversies, under an established procedure.

Operation of the National Broadcasting Service

The history of the development of the Canadian broadcasting system has been outlined in Chapter II and the story in greater detail will be found in Appendix II. We have stated our conclusion that we have a single broadcasting system made up of both publicly owned and privately owned stations, under the control and supervision of a single agency responsible to Parliament, and that we think this is a unique and positive Canadian achievement. We might have had a system owned and operated entirely by the state, as was originally contemplated by the Aird Commission in 1929. We might conceivably have tried to afford a double system with complete coverage by state-operated stations across Canada and with private stations allowed to spring up where they chose, as independent units unconnected with the national system. In fact, Canada adopted a policy that has been traditional throughout her history, of combining public and private ownership in one system. The national broadcasting service having for its objectives the better integration of the country and the maintenance of its identity, has been provided by the operating agency, the Canadian Broadcasting Corporation, and has been carried to the Canadian people partly through publicly owned and operated stations and partly through privately owned stations.

Both the public and private stations have been subject to control, not only of technical matters such as frequency and power, but also of station performance and programme content. We have recommended that this form of general regulation should continue and should be the responsibility of the proposed Board of Broadcast

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Governors. Such general regulations are quite distinct from operating decisions and actions necessary to ensure that a programme of national significance and importance actually reaches the Canadian people through a combination of public and private stations. These operating decisions and actions are not "regulations" in the same sense as the general rules of station performance and programme content. Much of the public confusion and controversy on the subject of the regulation of broadcasting has resulted, we believe, from the failure to distinguish between general regulations and operating decisions necessary to distribute the national programme over a network of public and private stations. Perhaps this confusion is a natural one in view of the fact that the statutory provisions in section 21 of the Broadcasting Act make no distinction between these two types of "regulation".

At the risk of repetition, we wish to spell out the distinction once again. To make some part of the programme-flow run east and west, to interpret different parts of the country to one another, to provide opportunities for Canadian talent, to promote a sense of national identity and consciousness and so forth throughout the various elements that can be used to describe our broadcasting policy and purposes, we have, and need to have, an agency engaged in the production and distribution of Canadian programmes. This agency is the CBC. There is no point in producing a programme service unless it reaches the Canadian people; the programmes that the CBC creates must be distributed and, if public money is used to create the programme, it should be as widely distributed across Canada as is practically possible. With the responsibility to provide a national broadcasting service for Canada, there must go the power to discharge that responsibility. This, in effect, means power to operate a national network for the distribution of the national broadcasting service.

The operation of a national network cannot be governed by general rules or regulations laid down by a non-operating board. It is a matter of management rather than a matter of regulation. It involves a substantial and continuous flow of traffic with many components, subject to many delays and accidents and requiring frequent changes and substitutions. The question of time and method of importing a programme may arise, or how and where a programme is to be produced, or the adaptation of a schedule to allow a programme to be given at an appropriate hour across Canada with five or six different

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time-zones involved. It is not a matter that can be laid down rigidly for the broadcasting schedule of a specified Tuesday evening six weeks from today; there may be a dozen changes needed in the original plan, the last of which may occur on the afternoon of the Tuesday in question.

In considering the establishment and operation of television and radio networks there are four different matters that should be kept distinct. There is, first, the matter of affiliation with a regular network and future additions to, or subtractions from, such a network. Secondly, there is the procedure for operating an established network. Thirdly, provision is needed for the broad distribution of particular programmes of national importance and interest. And, finally, there is the matter of jurisdiction over the establishment of new networks, particularly local, regional and temporary networks. These four matters are now dealt with generally in the provisions of sections 20 and 21 (1) (a) & (b) of the Broadcasting Act, without a distinction being drawn between those that are matters of broadcasting operations and those that are matters of regulation and supervision. We suggest that this distinction between operation and regulation should be clearly drawn in the statute and responsibility assigned to the CBC for operations and to the Board of Broadcast Governors for regulation and general supervision.

First, as to affiliation of private stations with a regular network, there are today in Canada, two television networks (English and French) and three radio networks (Trans-Canada, Dominion and French). These five national networks are operated by the CBC and existing affiliations of private stations with them appear to be clear and well-defined. Rather than require the creation of new arrangements, we recommend that these existing affiliations be confirmed. If a private station wishes to cease to be an affiliate, it should apply to the Board of Broadcast Governors for approval. Similarly if the CBC wishes to add a private station to a network, or to drop an existing private affiliate from a network, the CBC should apply to the Board for approval. Starting from the existing established networks, the responsibility for the structure or membership of networks operating on a continuous or regular basis should be vested in the Board of Broadcast Governors and subject to the procedures it may lay down for investigation and public hearing of such applications.

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Once a network has been established and the affiliation of private stations with it has been approved, the operation of that network should be the exclusive responsibility of the CBC, subject only to the general supervision of the Board of Broadcast Governors. The CBC should have the power to prescribe the periods to be reserved by any private affiliated station for the broadcasting of programmes produced or obtained by the CBC. The CBC should have full authority to get programmes forming part of the national broadcasting service out across Canada, over both CBC and affiliated private stations. No doubt, in general, arrangements for distribution of CBC programmes will be worked out with the affiliated stations by discussion and agreement. But we think that, as in the past, the CBC should have the necessary authority to operate the national television and radio networks it has been authorized to establish.

In addition, from time to time, there may be certain programmes which the CBC produces or acquires and which it considers to be of national importance, value or interest. The CBC may feel that the distribution that would be obtained over established networks would not be sufficient for such programmes. While its use would presumably be rare, the CBC should have the power to require any private station to carry any specific programme at a specified time, and in the manner it may stipulate. Again, the carrying of such important programmes will usually be by voluntary arrangement with the private stations concerned, but the power may be needed to clear the station of existing commitments, and should be used to prevent a private station operator from depriving the public in his community of a programme of real national importance.

Finally, there is the matter of establishing new networks or special hook-up arrangements on a regional or temporary basis. We recommend that the Board of Broadcast Governors should control the establishment and operation of new chains or networks of stations in Canada, and that no station, public or private, may operate in Canada as part of a chain or network of stations except with the permission of and under the conditions defined by the Board. The statutory provisions to carry out these recommendations would replace, with modifications, those now appearing in sections 20 and 21(1)(a) of the Broadcasting Act. They would apply to new network or hook-up arrangements between any group of public and private stations or any

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group made up entirely of private stations. In theory, at least, they would govern new national networks, but in practice they would likely apply mainly to various types of regional and local networks. These would, and do today, range from subsidiary hook-ups of two or three stations to cover a single sporting event to network arrangements between a number of stations for a programme series that may continue for as much as nine months.

In practice, the Board of Broadcast Governors would not need to hear all applications for the approval of new network or hook-up arrangements. No doubt a matter of major importance, such for example as the establishment of a new national network, would be considered by the full board, or a substantial committee appointed for the purpose. But, generally, applications for network arrangements would be dealt with by an official responsible to the Board and operating under its general rules and instructions. Such an official would need to have sufficient technical knowledge of broadcasting procedures to be able to give prompt and practical answers to proposals for subsidiary hook-ups. Cases which did not fall within the instructions or the established procedures could be referred to the Board for guidance, and the Board would always be able to correct the actions of its own official if these were to depart from the Board's wishes or established policy.

We feel that the policy and procedures to apply to new networks and subsidiary hook-up arrangements should be developed by the Board in the light of its experience and of the relations that may develop between public and private broadcasters in future. However, it may be useful if we report on the submissions we received on the subject of private network arrangements and give our suggestions as to how these questions should be dealt with.

In our hearings there was considerable evidence on the question of private networks. The Canadian Association of Radio and Television Broadcasters representing most of the private broadcasters dealt with the subject at some length in their final submissions to us. In their brief, Ex. 312, after quoting the CBC regulations requiring CBC consent for any station to operate as part of a chain or network, the Association made the categorical statement that "in practice, the conditions

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surrounding permission for networks have made operation of these impossible"¹. On the evidence this is not a correct statement of fact.

In the period before and during World War II there were apparently several suggestions by private broadcasters that extensive private network arrangements should be permitted, and these were refused at that time. But there was no evidence of a concrete proposal for the formation of a private national radio or television network since 1945 and there were a number of instances of quite extensive network arrangements on a regional basis that have come into existence without difficulty. There were many examples of permission being readily granted by CBC for network or subsidiary hook-up arrangements for individual sporting and other special events. For years, it has also been possible and practical for a group of stations to share the cost of a live talent programme by a subsidiary network extending over a considerable area in either English or French. Permission is required for particular programmes but may be obtained for a programme series at a specified time each week extending over a period of 13, 26, or 39 weeks.² In a clear-cut example, one private radio station has operated a regional network, on a regular basis for over three years, which feeds to a number of other stations live talent Canadian programmes produced by the originating station.³ In this case not only was permission readily granted for the operation of this regional network, but CBC actively assisted the private station in setting up the arrangement and lending it equipment until it could obtain equipment of its own.

Indeed the whole attitude of CARTB on the subject of networks was confusing to us and after considerable questioning in the hearings still remains obscure. They seemed in their written briefs to be objecting to present restrictions on the formation of networks, and to be asking for permission to form private networks. But at our final hearings, the spokesmen for CARTB were at pains to disclaim any submission to this Commission seeking the right to establish private networks. At the most they asked for an independent regulatory board which would have the power to permit networks. No one suggested that a national network was today a practical proposition; no one offered to establish a network on any extensive scale with any substantial content of Canadian programmes; no one seemed very interested in the subject of networks, except as an example of some supposed restrictions by the CBC.

¹ Exhibit 312, p. 14, 29, 30.

² Evidence p. 7521.

³ Evidence p. 6577-80.

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It may well be that the idea of the formation of private networks has much less significance and importance than it had a few years ago. It may also be that with Canada's large area and sparse population it is now recognized that network operations have little practical attraction for private operators. In Canadian experience the network operations of the CBC have been unprofitable and costly, while individual private stations have been generally profitable and successful. The distinction is not between the wasteful methods of public ownership and the efficiencies of private enterprise, for we found exactly the same experience in the United States, where both networks and stations are privately owned and operated. With very much larger audiences and a much richer economy for their support, American networks in radio today are struggling to break even and their large television networks after many years of substantial losses have only recently been able to show a small profit. The fact is that for any real variety, originality and quality in programming, a network is faced with serious economic problems. To operate a national network successfully at a profit is exceedingly difficult, and for Canada practically impossible. The real reason why we have so few private networks in Canada is not, as has been contended, because of onerous restrictions by the CBC, but because network arrangements containing some live programmes and original productions are difficult to operate at a profit.

Apparently, however, there are some types of private network arrangements that can be operated successfully and such private networks may be desirable. Obviously, permission should not be granted for private networks which would largely depend on imported material or would provide programmes of recorded music or films — the “juke-box” or “disc-jockey” type of operation. Any reasonable proposal which would increase programme production in Canada and would permit several radio or television stations to share the production costs of live Canadian programmes should be encouraged. We suggest that a programme actually produced in Canada and recorded on tape or film for greater convenience in broadcasting over several stations should be considered a live Canadian programme. This is apparently the present practice as adopted by CBC in August 1956 and it should be continued. The permission should not be cumbersome to obtain and a reasonable chance should be given for a new programme to develop and prove itself. We think however that permanent networks

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should not be permitted but temporary permits, subject to renewal, should be the general rule.

If it is once made clear that private networks on a regional, or even on a national, basis will be considered on their merits, an opportunity will be afforded to private operators to show what they can do in the production of Canadian programmes and the use of Canadian talent. Competition in Canadian programme production is desirable and we hope it will develop and be vigorous. If it does not, it should be because private operators do not choose to compete or find it economically unattractive to attempt to do so, not because there is some supposed restriction against the formation of private networks.

Supervision of the Canadian Broadcasting System

The duty of supervising the whole Canadian broadcasting system can probably be described more briefly and simply than other activities of the Board of Broadcast Governors, but this is, in our opinion, the most important duty of that Board. Other activities such as advice on licensing questions and the preparation and enforcement of general regulations and the consideration of network matters are important but they should not be allowed to distract the Board's time and attention from its primary task of supervising, on behalf of Parliament, the single Canadian broadcasting system, including both its public and its private elements.

With respect to the CBC, the position of the Board is similar, in certain aspects, to that of a board of directors of a private company. The Board will not participate in operations and in the details of management. The Board's task is to define the policies for the CBC to follow, to ensure that the CBC is adequately staffed to discharge its statutory functions, to approve budgets and financial policies and to see that these policies are in fact carried out, and to be responsible to Parliament for the activities of publicly owned broadcasting facilities. Accordingly we suggest that the senior officers of CBC should be appointed or discharged and their salaries fixed by the Board of Broadcast Governors, subject to approval by the Governor in Council in the case of the two most senior officers of the Corporation. Budgets should be submitted by the CBC to the Board for approval and no substantial departure from such budgets should be made without the

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Board's consent. The Board should receive periodic financial accounts, programme plans, and operating statements from the CBC for the Board's information and approval. Each year the Board should submit an annual report to Parliament with regard to the performance and administration of the affairs of the CBC during the preceding fiscal year.

With respect to private radio and television stations, the duties of the Board are equally important although somewhat different and perhaps less detailed than for publicly owned broadcasting facilities. The Board should know what the private stations are doing and for this purpose should receive reports as to the programmes and activities of private stations and should, from time to time, check on these reports by monitoring of programmes. In our studies we found considerable difficulty in comparing the performance of Canadian stations because of the lack of any standard form of programme log. We have asked Dr. Dallas Smythe, our programme analyst, to prepare a standard form of programme log which would contain all the information we think the Board ought to have and which would be used by all stations, public and private. This standard log form, which will be found in Appendix XIII to this report, is nothing more than a suggestion. Dr. Smythe would be the first to admit that it is not the ultimate in programme logs and it is not unlikely that the CBC and private broadcasters may be able to suggest useful modifications. In our view, the only two things that are important are, first, that there should be uniformity in the log forms used by public and private broadcasters and, secondly, that whatever log form is adopted it should be such as to enable the Board, at all times, to maintain informed surveillance over the performance of all broadcasters. The Board should also know how the private stations are doing financially and should have access to the financial reports now submitted annually to the Department of Transport and should have power to call for additional financial information, if required.

We suggest also that the Board should review the activities of private stations (as the present Board of Governors is already required to do) and, in addition, should be required to submit an annual report to Parliament as to the performance of private radio and television stations in Canada. Admittedly with the considerable differences in size and scope between private stations, there would be difficulty in making a full public report without the undesirable

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disclosure of individual information, and probably the annual report on private stations would not be as detailed as that for the CBC. But we see no reason why considerable factual material as to private station performance could not be provided for the information of Parliament and the public. For example, the type of composite report showing financial turnover and average percentage profits, such as we have included in this report, could usefully be kept up to date. The Board could also appraise the programme performance of private stations and report on such matters as the extent to which they had used and developed Canadian talent during the preceding year, the division of effort between entertainment-type programmes and those providing enlightenment, and the presence or absence of programmes having some Canadian content and significance. In reporting both as to what the private stations are doing and what they are not doing, the Board would not only be informing Parliament of the activities of an important and necessary segment of our broadcasting system, but would also be giving to the private broadcasters valuable guidance for their future conduct. Up to the present time, the activities of private stations and their performance have been less known than they should have been. There are few stations which are incorporated as public companies and consequently less is known of the finances and profits of radio and television stations as a group than any segment of the business community in Canada. Since private broadcasters are the holders of important franchises from the state, there would appear to be good reason for the Board to collate the figures for all private stations, as has been done in Appendix XII, and to submit these aggregate figures to Parliament with the Board's annual report.

We wish to add a few words on the relations between Parliament on the one hand and the Board of Broadcast Governors and the CBC on the other. There is here an underlying dilemma between the need for public scrutiny and the need to avoid too much of it. Broadcasting is a developing and dynamic enterprise and must be responsive to changing needs. It should be open to inquiry, subject to public scrutiny and answerable to public opinion. But it can be impeded and damaged by too much supervision and too many inquiries. You cannot expect to have a healthy tree if you perpetually dig around the roots.

In the last thirty years there have been three royal commissions that have made extensive studies of Canadian broadcasting, and

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examinations have been made in considerable detail by thirteen separate special committees of the House of Commons. In addition, during each session of Parliament, there have been numerous questions, debates and discussions. Outside of Parliament there has been an almost constant atmosphere of debate and criticism, fomented and fostered to some extent by the public activities of the private broadcasters. Despite a good deal of propaganda directed against the CBC and the Canadian broadcasting system, the results of all past inquiries have been remarkably consistent in giving general approval to Canada's performance and achievements in this field, and it will be seen that the present Commission is no exception to this trend. No doubt these many studies of Canadian broadcasting were frequently justified and may have produced useful and valuable results. But inquiries of this frequency have also had some unfortunate effects. They have placed a heavy administrative burden on the senior officials of CBC and distracted attention from long-term planning and the development of a rapidly growing system.

There is probably no real or final solution to this dilemma. If we had to choose the horn on which to be impaled, we would prefer to have too much inquiry and debate rather than too little. It may be that when our recommendations have been considered, and adopted or rejected, the true nature of our broadcasting system can be clarified, and future debate can be directed toward the operation of the system rather than on repetitious argument concerning the basis of the system. Perhaps if the suggested Board of Broadcast Governors is established, with more frequent meetings and a wider and constantly changing representation of the public interest, the need and demand for public inquiries may lessen. We make two other suggestions.

One is that the statute governing broadcasting in Canada should provide a specific date when it will expire unless extended by Parliament. We suggest that the revised Broadcasting Act should operate for ten years and should expire on the 31st of July, 1967. There is, of course, no thought that Parliament is restricted in any way in its powers to change the statute during the intervening decade. The purpose of this provision is to give added assurance that there will be automatically and at regular intervals a basic re-examination of the broadcasting system and its governing legislation. There is no doubt that Parliament can give consideration to this subject at any time; we want to make

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certain that it does do so at least once every ten years. If this provision is accepted, it may be that, as in the somewhat similar provisions for the renewal of the charters of Canadian banks, debate and fundamental changes in the basis of the system can await these decennial revisions of the legislation. In the intervals between revisions there might be reasonable stability and certainty as to the nature of the broadcasting system, and vigorous attention could be given to making that system operate efficiently and effectively.

Secondly, in the day-to-day matters of administration and broadcasting performance, we suggest with great respect that Parliament should consider how it can best exercise supervision of the broadcasting system. Perhaps the situation is covered by the old saying that if you keep a dog you should not try to do your own barking. If public supervision of broadcasting is entrusted to a representative public board in which Parliament and the public has confidence, that board should be allowed to do its job of supervising the activities of both public and private broadcasters. Parliament's primary responsibility, we suggest, should be to make sure that the Board is properly discharging the duties delegated to it. Specifically, however tempting it may be to raise questions as to particular programmes or activities of CBC in Parliament, the more effective and appropriate place to raise such questions is directly with the Board of Broadcast Governors. We have no thought of suggesting that Parliament should weaken or surrender its ultimate power or responsibility over the control of Canadian broadcasting. That is unquestionably one of the strengths of our system that should be maintained. But the mechanics of using a public board involve some delegation of Parliament's activities in matters of detailed operation and management. The ultimate power or sovereignty of Parliament is not delegated, but management functions are entrusted to the continuing attention of a qualified board as being more effective and efficient than the intermittent attentions of Parliament could possibly be, occupied as Parliament is with many other issues.

Suggested Statutory Provisions

In Appendix XI we include a draft statute which was prepared by our legal counsel at the Commission's request. Many of the provisions

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in this statute have been discussed in this chapter or elsewhere in the report and others are self-explanatory. Neither our counsel nor the members of the Commission have any notion that this draft is in final or polished form or that it cannot be substantially improved in parliamentary debate. We have attempted to embody our recommendations as to the regulation and control of Canadian broadcasting in a draft statute only because it seemed the simplest way to set forth our suggestions, definitely and precisely.

If such a statute is adopted, it will replace the provisions that now appear in the Canadian Broadcasting Act R.S.C. (1952) Chapter 32. Other provisions affecting broadcasting appear in the Radio Act R.S.C. (1952) chapter 233 which also deals with the regulation of many other forms of radio communication. We have not considered the provisions of the Radio Act in detail, as much of its content lies outside our terms of reference. We noted that it has undergone a number of revisions and it seemed to us that both the statute and the regulations under it could be simplified and clarified with considerable advantage.

If this were done, consideration should be given to the most convenient form for the two statutes to take. It seems likely that an attempt to incorporate all matters relating to telecommunications in a single statute would result in a complicated and cumbersome piece of legislation and would involve radio and television broadcasting in all the technicalities of other forms of radio communication and licensing. We think it would be desirable to continue to have both a Broadcasting Act and a Radio Act under whatever names may be appropriate. Probably the simplest method would be to revise the Radio Act and regulations leaving the statute to continue to deal with licensing of broadcasting stations. We suggest, however, that consideration might be given to transferring to the Broadcasting Act those provisions in the Radio Act and regulations which deal with the licensing and supervision of broadcasting stations so that all matters affecting broadcasting would be contained in a single piece of legislation. The licensing of other types of radio transmission would then remain under a separate statute. This method of legislation was adopted in Australia and it seems to be worth consideration here although the choice of method is not of basic importance.

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The Proposal for an Independent Regulatory Board

We received a number of submissions, mainly from spokesmen for some of the private broadcasters and from several chambers of commerce, asking that the regulation and control of broadcasting should be vested in a "separate regulatory body" or an "independent regulatory board", as it was variously described. It should be noted that several private operators¹ who are members of the Association disagreed with these proposals of CARTB as did other private stations who are not members. The submissions made by a number of chambers of commerce and boards of trade throughout Canada were of a somewhat general and theoretical nature and, in most cases, seemed to adopt the arguments of the private broadcasters without detailed study of broadcasting problems and without adding any new points to those made by CARTB.

In earlier sections of this report, we have given our views as to the structure of the Canadian broadcasting system as a single system composed of all public and private stations and have recommended that this system should be supervised by the Board of Broadcast Governors, which in turn should be responsible to Parliament. As will be explained later, it will be clear that we do not agree with the proposal for an "independent regulatory board" of the type suggested by the CARTB and recommend against it, but we do envisage in our suggestions a separation and clarification of management and supervisory functions. The proposal however had such a prominent and, in our opinion, such a disproportionately large part in our hearings that we feel we should discuss it separately in some detail.

In doing so, one difficulty results from the vagueness of the arguments both for and against the proposal. Opponents of the idea said "It will destroy the CBC" or "It will result in two independent groups of broadcasters, two systems of broadcasting, one public and one private", without any proof as to why these results would necessarily come about. Those who favoured such a board were equally vague and seemed unable to define what factual changes would result from an acceptance of this proposal. They did not point to any existing regulation which they found burdensome and which they hoped would be removed by the new body. After 20 years of regulation they could

¹ Exhibits 135, 181.

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not show any substantial evidence of unfair treatment or of a clear conflict of interest and duty in the decisions of the Board of Governors; such examples as were brought forward were old, vague and unsubstantial. Nor could they say how the form and content of the control of broadcasting would in fact be changed, except that it would be dealt with by a different board, similarly constituted to the one that now controls and regulates. Instead, most of the proponents of the "independent regulatory board" resorted to general and subjective arguments. They said it was contrary to "democratic principles" to have a body acting as both regulator and competitor. They argued that the Canadian constitution required executive, legislative and judicial functions to be kept separate, but failed to recognize that this suggested rule was less firmly established in Canadian than in American constitutional practice. They said they had every confidence in the integrity and fairness of the present Board of Governors and officials of the CBC but hinted darkly that different and more undesirable characters might occupy these positions at some future time. However they did not explain why this unfortunate development might not equally well occur in the "independent regulatory board". Perhaps the argument was most effectively summarized by one spokesman for the private broadcasters who finally admitted that the creation of such a board would make them "feel better". We were unable to see why an expenditure of the taxpayers' money should be undertaken merely in order to make the private broadcasters feel better.

Part of the difficulty in understanding the proposal may result from the fact that the idea of an independent regulatory board seems to mean different things to different people, and different things to the same people at different times. This was one of the two main proposals of CARTB and it was, therefore, reasonable to expect that it would be precise and carefully worked out. Indeed, the Association produced a long, detailed, draft statute¹ which had obviously been prepared with considerable care and dealt with the whole subject of control of telecommunications in Canada. When this draft statute was discussed at our hearings, we asked representatives of CARTB if this was "an attempt to set forth the kind of control board you mean when you are asking for an independent regulatory body", and the reply was "That

¹ Exhibit 311.

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is true, but with the full appreciation that there can be variations in the type of board, the main feature being its independence”¹. A few paragraphs later we asked this question “The thing I have in mind is simply this: It is not enough for us merely to consider the sort of general idea of a separate regulatory body because we can have boards and boards. If we are going to make a recommendation on this subject we need to make a recommendation for a specific kind of board with specific kinds of powers, and I think what we want to do is to be sure that we know what it is that the CARTB is recommending as a board; and this is it?”. The answer given was “That is correct”².

On examination, this draft statute was seen to provide for a very different type of board from the present Board of Governors. It was also very different from the Board of Broadcast Governors which we have suggested in some detail in this report. The board proposed by CARTB was to consist of five members of whom the chairman and vice-chairman were to be full-time members resident in Ottawa and one was always to be a lawyer and the other always an engineer. The proposed board was to be “independent” in the sense that it would have complete delegation of certain specific powers over broadcasting, and would be removed from parliamentary control except by changes in the board’s constitution or by its abolition. That this was the intention of CARTB was made clear in the following discussion between the Chairman and Mr. Henderson, counsel for CARTB³.

Mr. Henderson: . . . I submit that if there was an independent regulatory body . . .

The Chairman: Not responsive to Parliament?

Mr. Henderson: Well it has to be — yes, unresponsive to Parliament, because they have to be exercising judicial functions.

The Chairman: So Parliament is divorced from any control?

Mr. Henderson: Well, I would not say divorced from any control; it can change the structure but it is divorced from its day to day judicial determinations, yes, that is right.

Moreover when the proposed powers for the board suggested in the CARTB draft statute are examined, it appears to contemplate that CBC programmes would be carried by private stations generally by agreement and generally on payment for such services by CBC

¹ Evidence p. 7077.

² Evidence p. 7078-9.

³ Evidence p. 7059.

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to the private stations. It also specifically eliminated certain existing controls over private stations, such as the power now in section 21(1) (f) of the Broadcasting Act to promote and ensure the greater use of Canadian talent.

It is only fair to say that these details of the CARTB draft statute were clearly not present in the minds of many who supported the proposal for an independent regulatory board, nor probably, indeed, in the minds of a number of private broadcasters who, in their briefs, gave general support to the submissions made by the Association. Moreover, it should be noted that, during our hearings, spokesmen for CARTB said that the reduction of control over private stations, which appeared to be provided by the terms of their draft statute, was not the intention at all. Instead, they said "our intention and our interpretation of the draft act is that the control would be the same as today on the operator, but the method of control would be different".¹

If the proposal as originally put forward by CARTB is the correct one, we disagree with it on the ground that the regulation of broadcasting is a function that should not be divorced from parliamentary control. It should be directly responsive to public opinion, expressed through the elected representatives of the Canadian people. The delegation of authority to the board regulating and controlling broadcasting is a delegation of administrative day-to-day detail and not the creation of an authoritarian control, beyond effective policy control by Parliament. Broadcasting is of such importance in the daily lives of Canadians that it calls for the closest possible relationship and responsibility to Parliament.

If the CARTB proposal as amended at our final hearings is the correct one, we disagree with it as being impractical and unnecessary and likely to lead to administrative confusion. We have accepted the concept that there is only one broadcasting system in Canada, with services to the Canadian people provided by a combination of public and private stations, all of which are integral parts of that single system. For such a system there is nothing unsound or improper in having Parliament delegate powers of supervision and control over the operations of all Canadian broadcasters to a single body of representative Canadian men and women.

¹ Evidence p. 7154 and 7096.

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The real objection to the proposal for a "separate regulatory board" is a practical one. It is likely to prove unworkable and is certain to be cumbersome and inefficient. It faces an initial substantial difficulty — the difficulty of getting men and women of ability and experience to serve on it. In a country where manpower of this type is in short supply, it will be hard enough to get and maintain one first-class board without having to man and staff a second board whose members would need to have much the same qualifications, geographical distribution and responsibility for the public interest.

But suppose this difficulty were overcome and we had the two boards set up today; one, a board to supervise the operations of CBC, the other a board to regulate and control the operations of both CBC and private stations and to deal with licensing matters. By definition, the regulatory board would be required to know a great deal about the CBC, to follow its growth and development and to take the public interest in the CBC into account in its decisions. The two boards, composed of people of similar background and qualifications, operating in many of the same fields and necessarily in close contact with each other would either draw together or pull apart. If all were harmonious between them, if they generally thought alike and agreed with each other, the situation would quickly become indistinguishable from that existing today; except that it would be more cumbersome to have a double review of many issues and more expensive to the taxpayer. Alternatively, if the two bodies (as is probably more likely) pulled apart, one or other would be bound to assert dominance, through the skill and strength of personality of its members, especially of its chairman. If the CBC Board became dominant, the regulatory body would tend to become a cipher; it would be an extra expense and formality to approve, generally, what the CBC wanted. On the other hand, if the regulatory board became dominant, and the real centre of power, the CBC Board would become unimportant, and real control would be exercised by the regulatory body over both the CBC and the private stations as well. As far as management of CBC was concerned it would be frustrated; as far as control was concerned it would probably become a more active and onerous regulation of private stations by the body interested in and dominating the CBC — the very basis of the present complaint. As a practical matter, we do not believe you can have two administrative bodies, appointed

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by the same government and with similar personnel involved in the regulation of broadcasting, without having duplication of expense and effort, undesirable friction between the two, and a loss of efficiency.

We are confirmed in this conclusion by recent changes in broadcasting legislation in Australia. The system is quite different in Australia where the Broadcasting Commission, a governmental body operating the publicly owned stations, is charged with providing adequate and comprehensive programmes and is required to broadcast them on its own stations so as to give satisfactory reception throughout the whole country. In addition, Australia has a number of separate stations licensed to provide a local or regional service on a commercial basis. The Australian Broadcasting Control Board was, until recently, required to ensure that adequate and comprehensive programmes were provided by both publicly owned and privately owned stations; at the same time, the Australian Broadcasting Commission was under statutory obligation "to provide and broadcast from the national broadcasting stations adequate and comprehensive programmes". While actual duplication of effort and friction between the two bodies was apparently avoided, it was felt that the existence in the statute of provisions requiring two bodies to undertake substantially the same responsibility in a particular field could lead to conflict. Accordingly the statute was recently amended to restrict the Broadcasting Control Board's activities in the programme field to those of the commercial radio and television stations. Such a solution is inapplicable to Canada unless and until we have a system of publicly owned stations which will provide service to substantially all of Canada. The Australian experience does, however, illustrate the difficulty when two public boards are charged with overlapping functions in the same field.

It may be that some of the misapprehensions of the private broadcasters concerning Canadian broadcasting controls and the apprehensions of the public will be met at least partially by some of the suggestions we have made for clarification and re-definition of present arrangements. For example, the amendment to the Act which makes it clear that the proposed Board of Broadcast Governors does not comprise the CBC, may confirm the independent nature of the Board. Such independence, we believe, has in fact characterized the actual operations of the Board of Governors in the past. The suggestions as to procedure for hearing licence applications for new

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public or private stations may avoid some public apprehension that there was some conflict of interest and duty in the exercise of the board's licensing authority; this also we think was more apparent than real. The separation of the CBC activities of station relations and broadcasting regulation may remove one source of confusion and misunderstanding in relations between the CBC and private stations.

We do not pretend that any of these suggested steps makes any fundamental change in the arrangements for regulation and control of Canadian broadcasting that have existed in the past. These arrangements have, in general, worked well and have served the Canadian people well and we believe it would be foolish to change them materially. At most, our suggestions for change may reduce possible misunderstanding of the system we have in Canada — a single system in which both public and private stations are all integral parts and which is regulated and controlled by a single public board, representing the public interest and responsible to Parliament. They may also make it easier to explain that system and harder to misrepresent its true nature. If and when, after public discussion of our recommendations and parliamentary debate on their implementation, the suggested changes are made, it is to be hoped that this long and frequently bitter argument about a separate regulatory body will come to an end and private broadcasters will accept their true role as valued and essential partners with the CBC in the single Canadian broadcasting system.

Chapter V

Public Relations and Research

BEFORE leaving the general subject of the Canadian broadcasting system and going on to consider, in detail, the operations and future development of the CBC, there are two other subjects which can be conveniently discussed. One concerns the relations of both the public and private elements in the broadcasting system with the Canadian public and with each other, which we will discuss in this chapter. The other concerns the position and performance of the private broadcasters, to the extent we are required under our terms of reference to deal with their affairs. The latter subject is discussed in Chapter VI.

Public Relations

As we listened to the briefs presented at public hearings throughout Canada, the notion slowly developed in our minds that the Canadian Broadcasting Corporation has been too timid in bringing to the attention of the Canadian public the vital function that it is performing in Canadian life and in accounting for the policy it is pursuing in the exercise of that function. On that score, there was some friendly criticism of the CBC on the part of its well-wishers, while the ignorance displayed by others showed that there was some justification for the prodding of the CBC by its critics.

The reluctance of the CBC to adopt an active policy of public information, except for the barely factual, springs no doubt from the well-rooted and wise Canadian tradition that Crown corporations, as politically passive and neutral bodies, should confine themselves to

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the task assigned to them and refrain from all argument or controversy. Theirs is to carry out policy laid down by Parliament, not to shape it, nor to advocate, nor to plead.

If, however, Parliament should choose to implement this report to the extent of spelling out clearly the future national broadcasting policy of Canada, the question of policy should thenceforward be closed to argument or controversy except, of course, insofar as Parliament itself chose to reopen it. It should become clear, for example, that there is to be in Canada but a single broadcasting system, composed of public and private elements; that both are subject to regulation in the interest of the whole, and that in pursuance of the national interest a number of objectives must be set up. Such clear definitions should leave the CBC free from the suspicion of making *pro domo* pleas if it boldly entered the field of public relations with a view to keeping the Canadian public fully informed — as it has a right to be — of the actions taken by the CBC, and of the reasoning behind those actions in order to discharge a public trust.

Broadcasting is so intimately related to the daily life and interests of nearly every Canadian that it escapes, by its very nature, the standard rule of public relations followed by other Crown corporations or government agencies. The latter bodies deal with business or administrative responsibilities, and Canadians normally await, in their case, the presentation of formal reports annually or at stated intervals. Broadcasting, however, is a powerful means of communication addressing itself to all Canadians every day of the year, and because of this daily penetration into the deepest intimacy of the home, the responsible agents of Canada's national broadcasting policy owe it in the future to the Canadian public to keep it constantly informed of the objectives to be reached in accordance with policy laid down by Parliament, and of the road which is being followed to arrive at that end.

The need for such an active policy of public relations is further enhanced, in the view of the Commission, by the notion, firmly held after the experience of the past year, that the private broadcasters, through their official trade association, the Canadian Association of Radio and Television Broadcasters, have been baiting the Canadian Broadcasting Corporation, while the latter failed to react because its executive officers felt that they were gagged by the rule that Crown

corporations must remain passive under criticism. As it is noted elsewhere in this report, the CARTB has issued much one-sided or misleading information on the true nature and functioning of the present system of broadcasting in Canada, and this propaganda has gone largely unanswered by the CBC. The outcome has been to give shape in the public mind to analogies based on incomplete knowledge or insufficient reflection, to enroll the Canadian instinct for freedom behind hidden mercenary motives and to foment misunderstanding and confusion among the well-meaning. It is fervently to be hoped, for the sake of the healthy growth of the Canadian broadcasting system in the years to come, that the private broadcasting interests, insofar at least as the CARTB is the expression of their collective will — we know there are dissenting opinions among them as to the wisdom of their past attitudes — will steer a different course in the future. Should they continue, however, to put their stake on devious propaganda wrapped in colourful verbiage, as they have the undeniable right to do, they should then be rebutted with clarity and vigour.

This is not to say that private broadcasters are to remain silent. Broadcasting is a living and growing medium of communications, and discussion and controversy are as useful to its growth as water to a plant. As integral and important elements of the Canadian national broadcasting system, the private broadcasters have the right, indeed the duty, to express their considered views on the basic tenets of the system or on the manner of putting it to work. To focus public attention at intervals, through debate, on the evolution of broadcasting, will keep the medium responsive to the spiritual and material needs of the nation. In so doing, however, spokesmen for private broadcasting would do well to avoid the falsely doctrinaire, the emotional appeal or the emptiness of mere verbalism. In the course of our enquiry, we were besieged with superficial analogies of principle between freedom of broadcasting and freedom of publication. We were persistently urged to recommend, in the name of fairness, the creation of a separate regulatory board. There was filed with us a forbidding mass of printed or typewritten prose offering no discernible argumentation, one way or the other and even presenting, at times, contradictions in the views conveyed by different spokesmen for the same group on other occasions. At the end of the enquiry, we were left not knowing exactly what the Canadian Association of Radio and Television Broadcasters sought to

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demonstrate or what it expected us to do with a large part of this great volume of words.

In summary, we may say that while both the CBC and the CARTB are weak in their relations with the public, the weakness of the one and the other are of a very different order. The CBC needs to speak up where it has been mute. The CARTB, on the contrary, cannot be charged with diffidence or taciturnity. It needs only to speak in clear, positive, concise and dispassionate language.

Research in Broadcasting

Parallel to public relations is the field of research. If broadcasting is to thrive and give the nation the full measure of its potential of good, it needs the assistance of research as much as do science or industry. By research in broadcasting, we do not mean the kind that leads to technological advance and which is well handled by the electronics industry. Neither do we mean research in programme popularity — the so-called audience rating polls — whose standards of value, resting on quantitative soundings, are directed mainly at the sale of services or products in the largest possible market. By research, we mean deep delving into the influence of broadcasting on human society, the measurement of the psychological impact of various types of spectacles on adult minds, on children, on the literate and the illiterate, indeed on the great variety of individuals of differing degrees of emotional and intellectual development that compose a nation. This type of study and investigation has recently been started by the CBC through its Bureau of Audience Research. Some interesting results have already been obtained but those in charge of the undertaking would be the first to admit that neither has there been adequate proof of the validity of the methods adopted nor has the research yet been extended over a sufficiently wide area. It is, at the moment, no more than a promising beginning.

The idea of such research in broadcasting was propounded with particular force in some Quebec briefs, and we believe that there is much merit in it. A methodical and continuing study of the influence of radio and television on Canadian individuals and on Canadian society might give results of very definite value for the general conduct of our national broadcasting system and the individual guidance of our

public and private broadcasters. Indeed, it might even light the way for sovereign Parliament in determining national policy from time to time.

It is probable that a methodical and searching study of broadcasting as an influence over the common weal is not an enterprise that should be left to Canadian Broadcasting Corporation initiative alone, nor to the trade association of the private broadcasters alone, nor even to only the two bodies working jointly. It is something that might well reach out beyond the professional limits of those two and enroll one or more Canadian universities in a sort of tripartite research arrangement where social science and other academic disciplines could make a contribution to the common enterprise — much as the National Research Council or the Defence Research Board now parcel out diverse research projects to institutions of learning.

The idea, in fact, is not so novel as it might seem, for there are precedents of fruitful research collaboration between government, private industry and the universities. To recommend such an enterprise may be outside the Commission's terms of reference, but the concept has so much to commend it to those who would look beyond the horizon to fields of higher spiritual reward and to the achievement of the greater good for Canadian society, that we can do no less than convey the suggestion as it was made to us.

As we see it, the activity of the research institution whose creation has been suggested would not only have the positive result of yielding greater insight and knowledge in a realm which heretofore has been left almost entirely to empiricism, but also the incidental advantage of bringing the Canadian Broadcasting Corporation and the private broadcasters together in common tasks of genuinely scientific investigation in a field in which both have to labour. This collaboration, beginning perhaps only as a limited experiment, could develop into a most healthful stimulant for the Canadian national broadcasting system as a whole. It could lead to reciprocal comprehension of the distinct problems of the public and the private services and to the eventual wholehearted mobilization, in the march toward a common goal, of all the minds and energies engaged in broadcasting. Withal, if we are to head toward a closer knit relationship between public and private broadcasters, a state which seems to us eminently desirable, no initial move would seem more promising to that end — and easier to launch — than cooperation in research.

Chapter VI

The Private Broadcasters

UNDER heading (f) of our terms of reference, we are required to examine and make recommendations upon “the licensing and control of private television and sound broadcasting stations in the public interest.” We must see what private stations have done, in order to see the kind of regulation and the extent of control that should be applied to them.

On February 28, 1956, there were 167 private radio stations in Canada, including 156 commercial stations in operation, six under construction and not yet in operation and 5 non-commercial stations. During the year 1956, 6 private commercial radio stations came into operation and licences were granted for the construction of 5 new stations. For the purpose of our programme analysis and financial studies, we examined stations that were in operation in January 1956. The new stations added to the system during the year are unlikely to have made any material change in the picture. Of the 156 commercial radio stations the number of financial returns was reduced to 153 because of common ownership and joint financial returns to the Department of Transport. Of these 153 stations, 95 were affiliated with CBC networks, (28 with the Trans-Canada network, 49 with the Dominion network, and 18 with the French network) and 58 were unaffiliated. For purposes of the programme analysis a selected list of 62 stations, covering different classes of radio stations was used.

As of February 28, 1956, there were 28 privately owned television stations, including three licensed and under construction but not yet in operation. By the end of the year four more stations had come into operation and licences had been granted for an additional 6 stations

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to be constructed. Each application for a private television licence makes it clear that the station, if licensed, will be part of the national television system and the applicant undertakes to become a component of that system. Up to the present time, all private television stations operate, under the single channel policy, as part of the national English or French television networks.

In earlier chapters, we have described the development and nature of the Canadian broadcasting system. We have made it clear, as did previous royal commissions and parliamentary committees, that private broadcasters are integral parts of a single system. We think that this relationship should continue to be a basic term of each television and radio licence now in force or to be issued in the future. Moreover, we think that the combination of public and private ownership in one system is a positive strength and that the presence of private elements in Canadian radio and television should be continued and accepted as a permanent part of the Canadian pattern. This is not to say that any individual private operator has any vested interest which entitles him, as of right, to continue in existence. Each private operator, as the holder of a valuable, temporary right to use a relatively rare public asset, should justify the continued retention of that right — and should be required to keep on justifying it.

There have been times in the past when the continued existence of private stations has been uncertain. We recommend that the principle of retaining private elements in our broadcasting system should be placed beyond doubt. In the past it has also been true that once a licence was granted to a private station operator there was little effective control over the manner in which he used the licence. At all events, there is no record of any licence ever being suspended, revoked or unrenewed on the grounds of a poor performance by the licensee. Since, in human affairs, the continuation of such perfection is unlikely, we recommend that in future the standards of performance of private stations should be more effectively checked, that those who give inadequate public service or shabby performances under their franchises should be warned, and that the licences of those who fail to make substantial improvements after such warnings should be cancelled. To put the matter briefly, we think that the presence of private elements in our broadcasting system should be clearly accepted as valuable and permanent; but that the performance level of private stations should

be a high one to justify the grant to them of valuable public rights — higher in fact than it has been, with some notable exceptions, in the past.

In Chapter III, the programme fare provided by television and radio stations in Canada is discussed in some detail. Some comparisons are made between the programmes of CBC and of privately owned stations and much more information on the subject is provided in the report of our programme analyst and adviser, Dr. Dallas Smythe, which appears as Appendix XIV to this report and is printed separately in Volume 2.

It is much easier to summarize and generalize for television programmes than for radio programmes. Up to the present time, under the “single channel” policy, all television stations have belonged to either the English or French television networks, operated by the CBC, and both CBC stations and private stations have carried the programmes produced or acquired by the CBC as part of its national television service. In the result, for approximately half of the operating hours of each day, a viewer in Regina or Moncton or Peterborough (where private television stations operate) sees exactly the same programmes as a viewer in Vancouver or Halifax or Toronto (where CBC television stations operate). Variations in the programme fare of public and private stations must occur in the other half of total broadcasting hours. As the national network service is carried mainly during the late afternoon and evening hours, the range of variation in programme content and balance between any two individual stations is a relatively narrow one. Generally speaking, there is much more difference between the programming of all English-language and that of all French-language stations than there is between the programming of all CBC stations and that of all private stations. The English-language stations, public and private, have a marked fondness for drama in the crime, western and action category, while the French-language stations devote relatively much more time to quiz, games and contests and sports events. In English-language television there are no really significant differences between the programme balance to be found on CBC stations and that to be found on private stations. In French-language television, the only noteworthy difference is that CBC stations provide many more youth educational programmes than the private stations.

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For Canadian radio stations, the variations in programme content between publicly owned and private stations and between different groups of private stations are very much greater than for television stations. This result is to be expected when it is recalled that over a third of all private radio stations are unaffiliated with any network, another third of the total are on the Dominion network which operates for little more than four hours per day, and of the balance a number are affiliated with the networks on a partial or limited basis. With such a high percentage of total radio broadcasting time filled with programmes acquired by the individual stations, a very wide range of variation in programme performance is inevitable. It is therefore difficult to generalize as to private radio station performance. Some stations do an imaginative, flexible job of providing a well-balanced programme fare to their listeners. At the other extreme, there are a few stations that operate a "juke-box", "disc-jockey" type of programme, hour after hour, with virtually nothing but the playing of popular phonograph records interspersed with as many advertising messages as the operator thinks he can "get away with". We do not wish to repeat here the detailed comparisons to be found in Chapter III and shall therefore restrict our comments to one of the few generalizations which can safely be made. Private stations as a group, particularly the unaffiliated stations, offer a substantially lighter and less diversified fare than do CBC stations taken as a group.

Community Service Activities of Private Broadcasters

One phase of station performance and programme activity came in for a good deal of comment in our hearings and was mentioned in many letters we received. It concerns the local and community service activities of the private broadcasters and quite clearly this record is one in which the private broadcasters do, and should, take pride.

In a document filed by the CARTB¹ and in numerous briefs filed by individual private stations², examples were given of different kinds of local and community service rendered by private broadcasters

¹ Exhibit 23.

² For example, exhibit 43 by CFRC Winnipeg; exhibit 72 by CKWX Vancouver; exhibit 88 by CJCA Edmonton; exhibit 143 by CFCY Charlottetown; exhibit 148 by CFNB Fredericton; exhibit 279 by CKCK Regina.

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throughout Canada. These ranged from extensive and sustained efforts in support of a local charity or local symphony orchestra to isolated but valuable acts of service. That these local and community services are valued and appreciated by local citizens and organizations is fully established by many briefs and letters we received¹. It is probably true that the volume of these public service activities does not take up a significantly large percentage of the total broadcasting day nor would they be adequately reflected in the programme logs of the private stations. We agree with the submission made by CARTB that "to provide a complete, detailed account of this service is literally impossible".²

We think that the same submission gives a generally accurate summary of the situation when it says, "Each of the member stations of this Association is a very active part of the community it serves, taking full part in community affairs, assisting in community development, aiding the community's needs, giving expression to its economic, artistic, intellectual and spiritual life, ideals and aspirations." In this record of community activity and service the private broadcasters can take pride and satisfaction and for it they are entitled to the full measure of public appreciation which they apparently receive.

We are satisfied that this illustrates one of the strengths of our mixed system of public and private ownership in radio and television. It is unlikely that an entirely publicly owned broadcasting system could give as good local and community service throughout Canada as is now provided by the mixture of public and private elements in the system we have. Knowledge of local conditions and adaptability to local needs can best be provided by having a number of independent local units in the system. This is one of the principal reasons why we are strongly of the opinion that the continued presence of private elements in the system should be recognized and placed beyond uncertainty and doubt.

¹ As examples of such evidence see Evidence of Mr. T. H. Goode, M.P., p. 1555; exhibit 91 by Saskatchewan Farmers Union; exhibit 96 by Association of Commercial Travellers; exhibit 107 by Imperial Order Daughters of the Empire; exhibit 108 by Canadian Mental Health Association; exhibit 146 by Mayor J. D. Stewart of Charlottetown; exhibit 203 by Canadian Federation of Agriculture; exhibit 283 by Canadian Federation of Mayors and Municipalities; exhibit 295 by Community Chest of Greater Toronto; exhibit 296 by Canadian Mental Health Association, Saskatchewan Branch; and others.

² Exhibit 23.

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Financial Position of the Private Broadcaster

In general, private radio station operators in Canada have done extremely well financially and private television appears to be well on the way toward duplicating the financial successes of the older medium. In our hearings we got the impression that many Canadians had been persuaded to feel a good deal of sympathy for the private broadcasters because of the supposed disabilities and lamentable restraints imposed on them by the CBC. Indeed, in our final hearings, the Canadian Association of Radio and Television Broadcasters made a submission¹ which complained bitterly of the restraints placed upon private broadcasters and stated that "the (private) broadcasting industry has not realized its potential". The CARTB claimed that the private broadcasters did not want to remain tied to a broadcasting system "still hobbled by philosophical concepts not appropriate to a forward-looking Canada." They felt it "unrealistic" that their pace should be "limited" by the CBC. In a single page of vivid prose, CARTB claimed that the private broadcasters were "bound in the web of a power-hungry corporation", were in "a potato sack race with the state broadcasting agency" and they desired "to burst out at the seams".

We felt that we would be unable to measure the emotional and psychological impact of these disabilities of the private broadcasters, but that we could at least make a factual assessment of their financial condition. As we were making an exhaustive analysis of the finances of the CBC, we also asked our financial adviser to prepare, on a composite basis, some information as to the operating results of the private broadcasters. From his report, which appears in detail in Appendix XII, it is plain that, generally, whatever the disabilities under which the private broadcasters labour, they are not difficulties of financial distress and lack of profits.

The studies made by our financial adviser were based upon two sources of information: first, the annual returns, which each private station is required under the Radio Act to file with the Minister of Transport, showing revenues, profits and expenditures; and second, answers to a questionnaire sent to all private stations by the secretary of the Commission, asking for a breakdown of 1955 broadcasting revenues. There is no doubt that the Commission had

¹ Exhibit 312, especially at p. 48.

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adequate power under the Inquiries Act to require the production of individual figures and to publish them in its report, if it so wished. However we feel that no useful purpose would be served by publishing the financial figures we have examined for individual private stations. We have accepted the figures furnished by the private stations and present them in this report on a composite basis for both radio and television stations, without disclosing the identity of individual stations.

Of the 153 separate returns from private radio stations, the composite tables relate to 144 stations only. Nine stations were eliminated from the study either because detailed financial statements were not available, or because they showed other income, or because the stations began operations late in 1955. For the 144 stations for which operating results in 1955 are included in the composite table a comparison is made between net income, before deduction of income taxes, and net sales (being the total revenue earned by the licensee in the operation of the station less agency commissions). Such a comparison showing net income, before income taxes, as a percentage of net sales is a familiar and accepted method of measuring operating results in terms of the volume of business done.

Of the 144 radio stations for which operating results in 1955 were studied, 111 operated at a profit and 33 at a loss. For all stations, total net income before taxes, was 20.60 per cent of net sales; for the 111 stations which operated at a profit, total net income was 23.61 per cent of net sales. The detailed totals are given in the following table:

	<i>Number of Stations Reporting a</i>		
	<i>Profit</i> 111	<i>Loss</i> 33	<i>Combined</i> 144
	(thousands of dollars)		
Gross Sales	\$ 33,305	\$ 2,649	\$ 35,954
Deductions from Sales	4,694	249	4,943
Net Sales	28,611	2,400	31,011
Expense	21,858	2,763	24,621
Net Income—before Income Taxes	\$ 6,753	\$ (363)	\$ 6,390
Net Income (before Income Taxes) as per cent of Net Sales	23.61%		20.60%

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Of the 144 radio stations, 91 were affiliated with CBC networks and accounted for 56.57 per cent of the total net sales and 54.35 per cent of the total net income before income taxes. The net income of these 91 stations was 22.15 per cent of their net sales, which was lower than the 25.49 per cent earned by the 53 non-network stations. Our financial adviser believes that the lower return shown by stations affiliated with CBC networks results almost entirely from the lower returns generally shown by stations affiliated with the French network.

The average percentage of net income to net sales for the 111 private radio stations showing a profit in 1955 obscures the range of variation in individual operating results. The lowest of the group was a station with net sales of less than \$100,000 and net income of 1.21 per cent of net sales. The two highest showed percentages of 52.67 per cent and 53.71 per cent, but these high returns apparently were not dependent on volume of business done, as one of these very profitable stations was of medium size and the other was a very large station. It is, however, clear that the stations operating at a loss are all smaller stations. Of the 33 stations showing a loss in 1955, 25 did a gross business of less than \$100,000 in the year and only one station where the gross business exceeded \$200,000 showed a loss. These comparisons are shown in the following tables:

<i>Gross Revenue Groupings</i>	<i>Number of Stations Reporting a</i>	
	<i>Profit</i>	<i>Loss</i>
Less than \$100,000	22	25
\$100,000 — \$200,000	34	7
\$200,000 — \$300,000	18	1
\$300,000 — \$400,000	11	—
\$400,000 — \$500,000	10	—
\$500,000 — \$750,000	7	—
\$750,000 — \$1,000,000	6	—
\$1,000,000 and over	3	—
	111	33

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<i>Net Income Groupings (before Income Taxes)</i>	<i>Number of Stations Reporting a</i>	
	<i>Profit</i>	<i>Loss</i>
Less than \$ 50,000	74	31
\$ 50,000 — \$100,000	20	2
\$100,000 — \$200,000	10	—
\$200,000 — \$400,000	5	—
\$400,000 — \$600,000	1	—
\$600,000 and over	1	—
	111	33

For private television stations in Canada financial results are much less clearly established than for radio stations. This is not surprising in view of the relatively short time most private television stations have been in operation. Of the 25 stations operating in February 1956, fourteen did so for a full year, ten commenced operations during 1955 and one did not show a segregation of operating results as between radio and television. As a consequence, the figures of operating results submitted herein relate to fourteen stations only of which nine operated at a profit and five at a loss. The five stations that operated for only part of the year in 1955 all showed a loss. Only two stations operated for a full year in 1954 when they showed a net loss; in 1955 these same two stations had nearly doubled their gross income and both showed a net profit.

For the nine television stations that operated at a profit in 1955, the composite net income, before income taxes, was 14.56 per cent of net sales. But again the average percentage obscures the range of variation in individual operating results from a low of a fraction of one per cent for one of the smaller stations to a high of over 48 per cent for a medium sized station. The following table shows, in summarized form, the composite figures of operating results for 1955 of the fourteen private television stations.

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	Number of Stations Reporting a		
	Profit 9	Loss 5	Combined 14
	(thousands of dollars)		
Gross Sales	\$ 4,495	\$ 2,370	\$ 6,865
Deductions from Sales	705	119	824
Net Sales	3,790	2,251	6,041
Expenses	3,238	2,602	5,840
Net Income—before Income Taxes	552	(351)	201
Net Income (before Income Taxes) as per cent of Net Sales	14.56%		3.32%

Other details of the financial operations of private radio and television stations in Canada are given in Mr. Hoult's report which appears in Appendix XII.

One further item of information disclosed in the financial studies may be worthy of comment. It concerns expenditures on "artists' and other talent fees" which are shown on the annual financial returns of private radio and television stations to the Department of Transport. Of the 144 radio stations included in the composite study of 1955 operating results, 100 showed some expenditures for "artists' and other talent fees". The total for the 100 stations was \$1,797,000, of which \$937,000 was billed to sponsors and \$860,000 was paid by the stations themselves. The highest expenditure made by an individual station was \$301,000, of which \$129,000 was billed to sponsors and \$172,000 paid by the station.

It is always possible that some of the 44 stations that showed no expenditures for artists' fees may in fact have paid for some local live talent. One would think, however, that any station making a substantial payment to artists and other talent would show it in the place provided on the annual financial return to the Department of Transport. On the basis of returns actually made by the private radio stations themselves, the average expenditure by the 100 stations for talent fees was about \$18,000 per station in the year, of which \$8,600 was paid by the station itself.

In television, 12 of the 19 stations included in our study showed some expenditures for "artists' and other talent fees". The total for

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the 12 stations was \$220,000, of which \$106,000 was billed to sponsors and \$114,000 paid by the stations themselves. On the average, these stations that showed any such expenditures, again showed about \$18,000 paid out during the year by each station, of which the average station contributed about \$9,500 itself.

The only other specific evidence as to the amount of expenditure by private stations on live talent appears in a document filed by the CARTB as Exhibit 17. This is a copy of a brief submitted by the Association to the Royal Commission on Canada's Economic Prospects in which the statement is made that in 1955 private radio and television stations originated over 105,000 local live programmes, which represented a total expenditure on talent of over \$2,000,000 apart from regular programme costs. If this total amount was spent on talent for over 105,000 programmes, the average amount spent on each programme was less than \$20. Expressed in this way it does not seem an impressive performance by the private broadcasters in the use of live talent on their programmes.

It was suggested in evidence, and we believe it is generally assumed, that private broadcasters cannot afford to do much original programming or use much Canadian talent because the cost cannot be spread over several stations. Indeed this argument was advanced in one of the documents filed by The CARTB¹, although not discussed in evidence during the hearings. This assumption is, we believe, incorrect on two grounds. First, the financial results of a great many private radio and television stations, which we have examined, are quite good enough to permit these operators to do more original programming and to use more Canadian talent than they have done, with a few noteworthy exceptions, in the past. Secondly, for the reasons explained in detail in Chapter IV, there is, in fact, an extensive opportunity for several private stations to share production costs of original programmes and to broadcast such programmes over networks or hook-ups of several stations. Permission can be obtained for a group of stations to share the cost of a live talent programme by a subsidiary network extending over a considerable area and for a programme series over a period of

¹ Exhibit 30 p. 3 which states "...to be an extensive user, or a large scale user, on a continuing basis, of performing or creative talent of the type used in broadcasting, one must be a network... In Canadian broadcasting, this must be the Corporation".

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13, 26 or 39 weeks. There is nothing in the present regulations or practice that would prevent a group of private stations or a private programme producer from recording a musical or dramatic programme using Canadian talent on records, magnetic tape or film and selling the rights to use such a programme to as many private radio or television stations as might be needed to bring the unit cost per station down to economic levels. Indeed, a few private stations have made substantial expenditures on live Canadian programmes and have developed network arrangements to share the cost. These exceptions are commendable but they serve to establish both that financial results are sufficient to allow the production of original Canadian programmes and that it is practicable to share such costs among several stations. We have been forced to the conclusion that free enterprise has failed to do as much as it could in original programme production and the development of Canadian talent, not because of a lack of freedom, but because of a lack of enterprise.

In Chapter IV, when discussing the regulation of station performance by the proposed Board of Broadcast Governors, we recommend that the Board should insist on the improvement of the programming of some private stations. We recommend further that the Board should discharge its statutory duty of promoting and ensuring the greater use of Canadian talent by private stations with greater vigour than the Board of Governors has shown in the past.

Undoubtedly, however, the best results for both the private stations and for the broadcasting system as a whole would come from a voluntary improvement in the programme content and use of Canadian talent by the private stations themselves. In this, if its members and leaders chose to do so, the CARTB could play a useful and constructive role. It could provide advice and leadership for the guidance of its members, could assist cooperative experiments in new programme techniques which are essential in these dynamic and rapidly-changing media, and might even develop methods of self-regulation which would reduce the need of regulation by a public agency. If this method were followed it would have advantages for the whole Canadian broadcasting system in providing more flexibility than would be provided by formal regulation of private stations by the Board of Broadcast Governors. It would also have the advantage of bringing the private broadcasters and their association into an active

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partnership with the CBC in the development of Canadian broadcasting. This, in our view, would be a welcome change from the antagonistic and uncooperative attitudes of the CARTB (although not of many individual private broadcasters) in the past. However, this is something beyond our power to achieve by recommendation, and also beyond the power of legislation to make effective. It must come, if it comes at all, from the voluntary decision of the private broadcasters, individually and collectively.

Licence Fees

Under Part I of the General Regulations under the Radio Act, private broadcasting stations are required to pay an annual fee on a graduated scale based on gross revenue. Stations are grouped into six categories determined by size of gross revenue and the licence fee varies from \$100 to \$6,000 from the smallest to the largest of these categories. The fee for any fiscal year (April 1 to March 31) is based on the gross revenue of the licensee for his preceding fiscal year. Gross revenue means the total revenue earned by the licensee in the operation of the station, less agency commissions as set forth in the financial return made under oath to the Minister of Transport.

The present scale of fees, number of stations in each category and aggregate licence fees paid for the fiscal year ended on or before December 31, 1955, are shown in the following table:

<i>Category of Station</i>	<i>Annual Gross Revenue</i>	<i>Licence Fee</i>	<i>No. of Stations</i>	<i>Aggregate Licence Fee</i>
"A" Under	\$ 25,000	\$ 100	4	\$ 400
"B" \$ 25,000 and under.....	\$ 50,000	\$ 250	18	\$ 4,500
"C" \$ 50,000 and under.....	\$ 75,000	\$ 500	19	\$ 9,500
"D" \$ 75,000 and under.....	\$100,000	\$1,000	20	\$ 20,000
"E" \$100,000 and under.....	\$200,000	\$1,500	58	\$ 87,000
"F" \$200,000 and under.....	\$400,000	\$3,000	43	\$129,000
"G" \$400,000 and over.....		\$6,000	21	\$126,000
			183	\$375,900
Education Stations		\$ 50	3	\$ 150
Non Commercial Stations		\$ 100	2	\$ 200
			188	\$376,250

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As often happens when fees are based on more or less arbitrary divisions into categories, this scale of fees has resulted in certain inequities between stations of different size. The smallest and largest stations pay a much lower percentage of their gross revenue than the medium sized stations. A licensee with a gross revenue of \$100,000 pays a fee of \$1,000, equivalent to 1 per cent, but a station with a gross revenue of \$1,500,000 pays a fee of \$6,000, equivalent to 4/10ths of 1 per cent. There is also inequity where a licensee has a revenue slightly in excess of the top amount in a particular category. Thus, a station with a gross revenue of \$399,000 pays a fee of \$3,000 or .75 per cent, whereas one with revenue of \$400,000 pays a fee of \$6,000 or 1½ per cent.

We think that the fees paid by licensees of radio frequencies and television channels are extremely low for the exclusive use of public assets of such rarity and value. However, as this matter was not raised in evidence at our hearings, we hesitate to recommend a drastic change in the present system without full consideration of all the factors that may apply. We recognize that care must be taken to avoid an oppressive licence fee on the smaller stations, which have little commercial revenue but may provide valuable local service. We suggest that the basis of levying licence fees might usefully be studied by the Minister of Transport.

Meanwhile, within the present framework of fees based on annual gross revenue, we suggest a revision which will eliminate most of the apparent inequities in the existing scale and will add something to the total yield to the federal treasury. We recommend the following:

<i>Category of Station</i>	<i>Annual Gross Revenue</i>	<i>Licence Fee</i>
A	Under \$100,000	1%
B	\$100,000 and over	{ 1% on first \$100,000 1½% on excess over \$100,000

The suggested scale would result in approximately the same fees as are now paid for licences at the bottom of each of the existing categories, but would increase the fees progressively for those higher in each group. There would be no disparity between those in the upper part of one bracket and in the lower part of the next bracket. The total revenue based on this scale of fees would be about \$500,000 as compared with approximately \$375,000 per year paid at present.

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We see no reason why the licence fees paid by private stations should be turned over to the CBC as is now provided in Section 14 (1) (a) of the Broadcasting Act. In budgets of the size they are today, the total amount of these licence fees may not have much significance. But a disaffected private station operator can now argue that he is paying a special tax for the support of the CBC when, in fact, he is paying a low fee to the state for the exclusive grant of a rare and potentially valuable public franchise. We recommend that it should be treated as such and paid into the Consolidated Revenue Fund.

Chapter VII

The Canadian Broadcasting Corporation

The Commission's Approach to the Problems of the CBC

Up to this point in the report, we have been examining the nature of the Canadian broadcasting system and have made some suggestions for its control and regulation. It is, as we conceive it and as other royal commissions and numerous parliamentary committees have concluded before us, a single system embracing public and private elements subject to supervision and control by an agency of the state. The performance and potential of the private elements in the system were discussed in the two preceding chapters. We come now, in this chapter and for most of the sections of this report which follow, to consider the publicly owned operating agency, the Canadian Broadcasting Corporation.

This agency, responsible for the broadcasting and distribution of Canadian programmes, is, as the Order in Council appointing the Commission makes clear, one of the central features of Canadian broadcasting policy. In our opinion, for reasons given in Chapter I, it is not only a central feature but a vital and essential feature of our broadcasting system. Without a public agency such as the CBC, whatever its name or label, we would have no national broadcasting system at all. We would quickly be engulfed by cultural influences from the United States and the forces of economics would soon compel most of our radio and television stations to become branch outlets of American networks. We think it is of

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vital national importance to avoid these results. To put the point more positively, we think it is essential that Canada should preserve the independence and integrity of these potent media in the service of a Canadian consciousness and sense of identity. But to do so, for a vast country with a sparse and scattered population, it is going to cost the public treasury a great deal of money.

Therefore, we think two things are necessary. First, we must make sure that the operating agency is as efficient as possible. It is all very well to agree that such a public agency is essential, but this does not mean that it has an unlimited claim on the public purse or that it is freed from the responsibility of administering its affairs in a business-like manner. The Canadian Broadcasting Corporation, as the public operating agency in the Canadian broadcasting system, should have its task clearly defined, should know the limits beyond which it is not expected to go, and should have the means and the power to discharge that task within those limits. The second requirement is that, once the task has been defined and the cost of discharging it determined, financial support to meet this cost should be assured and certain. If these two propositions are accepted, their corollary is that the assured amount of financial support from the public treasury is all there is; the CBC must manage its affairs so as to live within the amount provided and must limit its activities to those that can be bought with the money it has.

This is the main purpose of our whole report. Other questions of importance have been raised in our hearings and we thought it was necessary to try to suggest answers to them. But the central objective of the inquiry has been to determine the nature and scope of the activities of the CBC, to estimate how much these activities should cost, and to suggest how this money should be provided. The balance of this report will be devoted to this objective.

Something has already been done in earlier chapters to define the nature and scope of CBC activities. In Chapter II a brief outline of television and radio facilities was given. In Chapter III a good deal was said about the broadcasting fare provided by the CBC and the definition of the national broadcasting service the CBC is expected to provide. Now, in several separate sections of the present chapter, we will discuss the administrative organization of the CBC, its physical plant and equipment, its commercial operations,

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its station operations and new developments especially in television which may have a bearing on costs. For convenience, we will discuss in separate chapters the future of radio, including any extensions or changes in radio coverage, and extensions of television coverage, including the licensing of second stations. All these matters are important in themselves, and have a direct bearing on future costs which in the final chapters of the report we attempt to estimate and to suggest means of financing.

We should say a word about the methods we used to study these financial and administrative questions. We expected, and obtained in full measure, excellent cooperation from the officers and staff of the CBC in getting detailed information as to CBC affairs. But we felt, without intending to cast any doubts on the accuracy and completeness of this information, that it should be tested by an outside, impartial examination. At an early stage of the inquiry, we became convinced that we would get little assistance on detailed financial and administrative problems from the briefs submitted at our public hearings; and so it turned out. However, it was probably unrealistic to expect much help on these complicated problems from individuals and private organizations throughout Canada. An expert study was required by competent men experienced in accountancy and financial investigations and having full access to all the detailed and confidential information relating to CBC's present activities and future plans.

We were fortunate in obtaining the services of Mr. Guy E. Hoult, senior partner of the Canadian accounting firm of P. S. Ross & Sons, to act as our financial adviser. Mr. Hoult and his partner, Mr. G. Meredith Smith, have spent most of their time for the past year in studying the finances and affairs of the CBC. They have had other partners and members of their staff associated with them during the year as required, and they worked throughout in close contact with the members of the Commission. The results of their extensive studies were made available in great detail to the Commission and a summary was prepared by Mr. Hoult which is printed as Appendix XII. To avoid repetition, we will include in the body of the report only such outline of the facts as may be needed to make our recommendations intelligible to the reader; more details will be found in Mr. Hoult's summary.

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Administrative Organization of the CBC

The detailed organization of an undertaking of the scope and complexity of the CBC is not something that a royal commission can spell out fully and with certainty. If we tried to do so, it would probably be out of date by the time our report was printed and published. This is a matter for continuing supervision and direction by the Board of Broadcast Governors. Our financial adviser did, however, make an extensive investigation of the administrative set-up of the CBC and reported on it at length to us. We had also a detailed report on organization, functions and management from the CBC¹ which was supplemented by private conversations with the Chairman of the Board of Governors and the General Manager. We do not think it necessary to attempt a full description of the administrative organization of CBC. Some details are given in the report of our financial adviser in Appendix XII and we need only give a brief outline and our suggestions for changes that seem desirable.

In 1946, the CBC employed 977 persons of whom 88 were engaged in the International Service with which we are not directly concerned. Ten years later on April 1, 1956, the staff of the CBC totalled 5,022 of whom 164 were in the International Service. The term "staff" includes some temporary, casual and part-time employees and covers all who are members of the regular establishment, but does not include the "artists", whether performers or writers, of whom very few are employees of the Corporation.

The rapid expansion in the size of the CBC staff is almost entirely due to the introduction and growth of television. This has been the most rapid development of television services in any country in the world, with set ownership increasing from 220,000 sets on January 1, 1953, to approximately 2 million sets on April 1, 1956, and 2.3 million sets by December 1956. During this period of rapid growth, which is still continuing, CBC facilities across the country were acquired or constructed and had to be manned, and programme service developed in volume and complexity, again requiring expansion in staff.

It is unlikely that, in such a rapid growth, new appointees were always ideally suited to the positions they were given. There may

¹ Exhibit 12.

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have been times when a particular operation or department was over-staffed. But by the nature of a rapidly growing enterprise, the need for new personnel is likely to outstrip their acquisition. Overstaffing in an undertaking such as the CBC is not a matter that is subject to exact proof, and useful comparisons with other public agencies or with broadcasting systems in other countries are difficult to make. Certainly to anyone visiting a television production centre for the first time, the impression is that there are "an awful lot of people around". On several occasions when we visited CBC stations, where a programme was being produced, we asked for the duties and need of each person in sight, and, while this was admittedly a casual, inexperienced sampling, we were given explanations which seemed reasonable. When we visited production facilities in the United States there seemed to be as many or more people about as in a Canadian television station. Our financial adviser made some comparison of CBC administrative staffs with those of American networks and the CBC did not seem to be out of line.

We made an attempt to assess the reasonableness of staff increases between April 1, 1955, and April 1, 1956, which totalled 1,049 persons, by examining the growth in service during that year. We found that one new CBC station and seven private stations affiliated with the networks came into operation during the year. A number of new production facilities were completed and had to be staffed and the total weekly hours of operation of CBC television stations increased by over 30 per cent. As far as we could discover, the increases in staff did not seem to be out of proportion to the increases in the service provided by the CBC during the year.

We specifically asked our financial adviser to study the six regional organizations which supervise and coordinate the operations of stations in each geographical area across Canada to see if all or part of these regional staffs were superfluous. Mr. Hoult reported that if the regional organizations were abolished most of the persons in them would have to be on the staff of one of the stations, and in his opinion the decentralization of the organization in regional supervisory staffs is desirable and serves a useful purpose.

We cannot pretend that either the Commission or its advisers have made a complete examination of the efficiency of the CBC staff or the need for the number of people now employed. No one could fail to be concerned about such a rapid growth of staff as CBC has had in

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the last four years. It is all the more disturbing when it is realized that a substantial further increase is in prospect in the next five or six years, although at a somewhat slower pace. We found that this concern is shared by the senior management of CBC. It is probably true that during the earlier years of television growth, senior management necessarily and properly gave first attention to other problems such as engineering, creation of new programme schedules and development of national coverage. We recommend, now that the first rush of development is over and the pace of expansion is likely to be somewhat slower, that a high priority should be given by CBC management and by the Board of Broadcast Governors to the problems of efficiency of staff, the elimination of unnecessary personnel (if any exists) and the careful acquisition and training of such additional staff as may be required.

The Commission during its studies gave a good deal of attention to the senior officers and administrative organization of CBC. We asked our financial adviser and his staff to examine a number of specific questions and also to report fully on any matters they thought important during their extensive contacts with the CBC organization over the past year. There are several comments we wish to make now, and additional points are covered in Mr. Hault's report which we endorse.

We say at once — and without qualification — that the two senior officers engaged in Canada's public broadcasting organization are able, experienced and competent, and we are fortunate to have them. We refer, of course, to Mr. A. D. Dunton and Mr. J. A. Ouimet. The former has been Chairman of the Board of Governors for over eleven years; the latter has been General Manager of CBC since 1953, and has been employed by the Corporation and its fore-runner since 1934, originally as an engineer. In many ways, these two men complement each other in training and qualifications and they appear to work well together.

By the force of circumstances and the accident of events Mr. Dunton and Mr. Ouimet were drawn into a working relationship which may not be precisely reflected in the statutory definitions of their positions. With the rapid expansion of television, the Chairman of the Board of Governors found it necessary to undertake active duties in the detailed management of the Corporation and when the present

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General Manager was appointed the problem was not to divide the work between them but to obtain qualified assistants who could help to carry a greatly expanded burden.

In the result, they appear to have had considerable success in developing and acquiring senior staff of skill and competence. We wish to make it clear, however, that we have not attempted to make a careful analysis of the top management group of the CBC other than the two most senior officers. We believe this is a task for them and for the supervising board rather than for us. In general terms, however, we got the impression that the development of senior administrative personnel has not kept pace with the growth of the functions and activities of the CBC. As a result, there may be too many people reporting to the General Manager and it is almost certain that he is carrying a serious over-burden of work and responsibility. We suspect that this may have been partly caused by the difficulty of obtaining enough competent assistants within the practical limits imposed by the salaries paid to the Chairman and the General Manager. If the CBC at its present scale of operation is to compete for efficient senior officers with private corporations of comparable size and complexity, it must be able to pay more adequate salaries to a relatively few senior men. At the moment, it is difficult to do this because of the practical limits set by the salaries of the two senior officers. We recommend that this matter should be considered by the Board of Broadcast Governors and the Government.

Another cause of the overload on the General Manager may be that the organization has outgrown its original concept. Apart altogether from present personalities, it is questionable if an organization with operations extending across the whole country, with responsibility for programme production in two languages to supply five national networks, and with 22 radio stations and 9 television stations it owns and operates, can be administered by a single chief executive, except at serious risk of overtaxing his health and abilities. It is true that the General Manager has several senior assistants to whom he has been able to delegate some part of his responsibilities, but we believe that provision should be made for more executive assistance immediately below the General Manager. We also think that the Broadcasting Act should provide for a senior executive establishment which more accurately reflects the administrative arrangements that have actually been worked out between the Chairman and the General Manager.

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The Broadcasting Act passed in 1936 provided for the appointment of a general manager as chief executive of the CBC and an assistant general manager. Both these officers were to be appointed by the Governor in Council on the recommendation of the Board of Governors. Originally the Chairman of the Board of Governors was a part-time officer who received only a small honorarium; his duties were important in the areas of general policy and public relations but did not involve him in the operating activities of the Corporation. This early arrangement worked satisfactorily so long as the undertaking was relatively small in scope.

In 1945, a full-time Chairman was appointed and the Act was amended to provide that he "shall devote the whole of his time to the performance of his duties under this Act". However, no provision was made in the Act or in the by-laws of the CBC to define the duties of the Chairman, and his full-time activities were left to be worked out in practice. As it turned out, there was much for the Chairman to do, not only in the work of the Board of Governors but also in matters of administration and operation of the CBC. In the period of rapid expansion of television, it was particularly fortunate that an experienced Chairman was available to share the administrative burden of the CBC. However necessary this development may have been, the distinction in the public mind between the responsibilities of the Board of Governors and those of the operating officials of the CBC may have become blurred. As a practical matter, we doubt if you can have an energetic, conscientious, full-time Chairman of the Board, without his becoming involved in matters of operation and administration of the Corporation. Such a Chairman will be — and in fact has been — the senior full-time officer of the CBC¹. We suggest that the statute

¹ It is clear from a perusal of the report of the Special Committee on Radio Broadcasting of 1944 and the debates in the House of Commons when the Act was amended in that year, that the intention was that the full-time Chairman of the Board of Governors should be the senior, operating official of CBC. The report of the special committee speaks of the diverse functions required from the two officers who are "charged with carrying out the Canadian Broadcasting Act". In the House of Commons debates the Minister responsible for speaking on behalf of the CBC spoke of the Chairman of the Board of Governors as "occupying the top position in the Corporation". He argued for the appointment of a full-time chairman "so that the nominal head of the Corporation shall be the real head and shall be accessible at all times to persons wanting to do business with the Corporation". Speaking again at a later date, the Minister said "In any well organized body there must be a head; he must be the effective head, and he must be ready at all times to conduct the business of the Corporation... I would want to put the general manager beyond the possibility of believing even for a moment that it would be his duty to assume the functions of the real head of the corporation".

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should take account of what has occurred and the arrangements that have developed in practice should be more clearly embodied in the Broadcasting Act.

Apart from the individuals now in office, we believe that the CBC enterprise has grown to the point that it requires one senior officer mainly engaged in general policy, future planning and public information activities and one senior officer mainly engaged in current operations, administration and management. The two would occupy positions similar to those of president and general manager of one of our large national corporations or a chartered bank. In view of other suggestions we will make as to organization, the titles may be important, and we recommend, therefore, that provision should be made for the appointment of one full-time officer of the CBC as "president" and another designated as "general manager". We suggest that both these officers should be appointed and their salaries fixed by the Board of Broadcast Governors with the approval of the Governor in Council. In view of our suggestion for the creation of the Board of Broadcast Governors, it would be more practical if the president and the general manager were in the first instance appointed and their remuneration fixed by the Governor in Council alone, and thereafter by the Board with the approval of the Governor in Council.

In Chapter IV we have discussed the suggested Board of Broadcast Governors and the duties of its Chairman. It is most desirable, we think, that the Chairman of that Board should *not* be a full-time officer and that the office should periodically rotate so that different interests and diverse experiences could be brought to the Board to reflect public opinion in the supervision of the broadcasting system. It is also essential, in our concept of the relationship between the Board and the CBC, that the Chairman of the Board should not be engaged in operations or administrative duties for the Corporation and that the President and the General Manager of the CBC should not be members of the Board. They should of course be available to attend meetings of the Board.

As to other details of the CBC administrative organization, we feel we should not attempt to suggest a blue-print. An effective operating plan must take account of the personalities and skills of the men who are actually available, and changes in the organization must be made as suitable appointees can be found and with some regard

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for the rights and feelings of those who have given long and loyal service. This is a task for senior management and we will only attempt to make two or three general suggestions.

For one thing, we suggest that the objective should be to have fewer people reporting directly to the General Manager. This, of course, requires the presence of officials in the organization who are capable of accepting and discharging delegated authority from the man responsible for operations, administration and management. To develop or obtain men who are able and willing to accept responsibility is not always easy in a new and rapidly expanding activity such as broadcasting.

A second matter of organization arises from a suggestion we will make in a later section of this chapter, that CBC network and station operations should be separated and their accounts segregated. If this proposal is accepted, we suspect that it will involve fairly extensive changes in the organization of the CBC, which would no doubt have to be made gradually. We do no more than point out that such changes are involved in the suggestion.

A third matter of organization is one on which we can be more specific. From our own investigations and those of our financial adviser, we believe that the greatest administrative lack in the present CBC organization is the lack of a financial administrative officer in a position of seniority and authority. The size of the Corporation's present and prospective income and expenditure requires a capable and experienced financial executive near the top of the organization. Such a man should be responsible for all budgetary and other financial procedures and controls and also for forward planning of finances. We suggest he should be responsible to the president on forward planning and matters of financial policy, and to the general manager on matters relating to current operations.

CBC Physical Plant and Facilities

Members of the Commission have visited, during the inquiry, some of the broadcasting stations operated by the CBC across Canada. We cannot pretend that this was a detailed or expert inspection, but it did give us a chance to gather impressions as to the kind of physical facilities the CBC has acquired and to compare them with a number

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of privately owned radio and television stations that we also visited. In addition, our financial adviser made a more detailed study of the CBC plant and equipment in connection with his examination of the Corporation's future capital requirements. We also obtained from the CBC a full description of its physical plant, showing in detail original costs and estimated replacement costs of both television and radio properties, descriptions of owned and leased premises and many other details. For obvious reasons, much of this information is confidential, dealing with particular transactions, but we have drawn from it general conclusions and totals.

The CBC reaches into all provinces of Canada. It owns and operates 22 radio and 9 television stations which, together with a large number of private stations, make up three radio and two television networks extending over a wide area. In addition, the CBC operates many regional or temporary hook-ups between two or more stations.

As of March 31, 1956, the CBC occupied slightly more than a million square feet to house its offices, studios, transmitters and all its activities. Of this total, nearly 60 per cent was leased and slightly over 40 per cent was owned by the CBC. The total of premises leased includes 97,000 square feet in the Radio-Canada building in Montreal which was purchased by the Federal Government and is carried in the name of the International Service. The annual rentals on leases in force on that date amounted to \$1,154,000 including \$301,000 for the Radio-Canada building in Montreal leased from the Federal Government. Our financial adviser examined this rental arrangement between the CBC and the Federal Government and found it was based on a recent appraisal by a competent real estate appraiser and consultant. There may be some question as to the suitability and efficiency of this building for broadcasting purposes, but the financial arrangements for its occupancy seem to be reasonable.

Using the same date of March 31, 1956, the original cost of land and buildings owned by the CBC was \$11.3 million, and of equipment was \$14.5 million. Together, these figures come to a total of \$25.8 million for CBC physical plant and equipment, which does not include \$6.1 million being the cost of the capital assets of the International Service (which we have excluded from our summaries throughout). In view of the large amount of leased area occupied by the CBC, the total figure of \$25.8 million does not give a complete

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picture of the value of all the physical facilities used by the CBC. On a straight mathematical calculation, it is probable that, if all premises had been purchased outright, the original cost of physical facilities occupied by the CBC would have totalled over \$42 million.

For the physical facilities actually owned by the CBC the figure of \$25.8 million does not, of course, indicate what similar facilities would cost today. We obtained from the CBC an estimate of the replacement cost of each individual property owned, based on known present day costs, and the total replacement value or cost of these assets exceeded \$41 million. On the other hand the original cost figure does not give an accurate measure of the present value of the assets held by the CBC; certain plants, equipment and facilities have been in use for twenty years and will undoubtedly soon require replacement.

Facilities for the connection of stations on the several radio and television networks are not owned by the CBC but are leased from communications companies. Radio stations on the three networks are connected by line facilities of the Canadian National and Canadian Pacific Railway Companies. Television transmission facilities are leased partly from the Bell Telephone Company of Canada and partly from the two railway companies. In the year ending March 31, 1956, the cost to CBC of these leased facilities was about \$2.5 million, of which television facilities accounted for slightly less than \$900,000.

In our visits to CBC stations across Canada we got the impression that the physical premises and equipment were well cared for and maintained; the housekeeping seemed to be good. We also got the impression that physical facilities had been acquired without much forward planning and on a piecemeal basis. In the result, the physical plant and equipment of CBC, in several cities, appeared as a patchwork which cannot be efficient and must increase operating costs. No doubt some of this medley of facilities was inevitable. No one could have anticipated the rapid growth of television which frequently made plans obsolete before they could be carried out. But some of it could have been avoided by better long-term planning, and a willingness and ability to undertake large capital expenditures to gain future efficiencies and savings in operating costs. Whether the failure should be charged to the CBC because of a lack of sufficient boldness and imagination in capital planning or whether it was mainly due to piecemeal methods

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of capital financing and lack of forward definition of the scale of operations, does not now seem to be of much importance. The fact is that there is a problem created by the course that has been followed and it will be an expensive one to solve.

This problem is concentrated mainly in Montreal and Toronto, which are and will necessarily continue to be, the two principal programme production centres in Canada. In Montreal, CBC operations are carried on at 20 different locations widely scattered throughout the city but with most locations in the downtown areas where traffic is heavy, costs are high and room for expansion is non-existent. The same situation exists in Toronto where 16 different locations are occupied. The fact that the major activities of CBC in programme production are carried on where facilities are widely scattered leads to increases in operating costs and inefficiencies in operation. One example relates to storage and transportation of scenery and costumes required for television productions. In both Toronto and Montreal, storage facilities are in buildings situated some distance from the studios, and also from shops where scenery is constructed or altered. This involves a great deal of transportation costs between several locations, to construct or alter the scenery required, move it by truck to the studio for the performance and move it again by truck to the storage area. In Toronto and Montreal, the expenditures for trucking of scenery and costumes totalled approximately \$300,000 a year, without taking any account of the extra costs involved in the planning of these elaborate movements or in the delays caused by traffic jams and adverse weather conditions when producers and actors must wait for scenery and costumes to arrive.

Another example of extra costs arising from the present inadequacy of facilities is the extra overtime wages paid to make maximum use of the studios and other facilities available. With no extra studio capacity, it is necessary to dismantle the scenery for one show and set up that for another during the night so as to have the studio ready for the following day. Some of this overtime work is inescapable in broadcasting and it may be debatable whether it is better to pay more overtime wages in order to get maximum use out of studios and other facilities. But there should be more flexibility in the use of physical facilities than is possible today, and the extra costs of trying to use the present scattered facilities are probably substantial.

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This is not a problem peculiar to the CBC. When we visited the larger U.S. networks we found that they also had difficulties with scattered locations, high trucking and transportation costs and inadequacy of facilities and they were attempting to deal with these problems in various ways.

It is possible that this jumbled growth of physical facilities for television was unavoidable and was a phase that had to be gone through. No one could foresee the pace of growth or the direction it would take. At the outset, when the future of television was uncertain, producers, artists and technicians were drawn from radio and theatrical and musical activities that were already established. Work in television was a side line and it was felt, with some reason, that television facilities had to go to the artists, rather than bring the artists to television. In the beginning, one or more studios for television production were added to existing radio production centres, usually in expensive buildings in the heart of large cities. With the quick acceptance and popular demand for television, more studios and other facilities were quickly required and were tacked on to those that already existed or nearby buildings were acquired. The present complicated jumble resulted and will continue to get worse unless radical steps are taken.

It now appears likely that the best plan for television production facilities is to move away from the crowded business districts of large cities and acquire sufficient space in suburban areas within convenient commuting distance of centres where artistic and musical talent is available. Such land is cheaper and larger areas can be acquired to allow for future expansion on a horizontal rather than a vertical basis. Building restrictions are likely to be less rigid and will permit construction of more economical storage facilities and workshops.

In our study of future financial requirements for the CBC, which will be discussed in detail in a later chapter, we have considered carefully the problems of physical facilities for both radio and television. In radio, the problems are relatively simple. The CBC will be faced with the need to replace much of its present radio equipment because it is rapidly becoming worn out and obsolete, but the location is not of great importance. There are arguments in favour of continuing to have radio facilities centrally located in both Toronto and Montreal. There are other arguments in favour of having radio adjacent to television facilities, wherever they may be. The choice will largely depend

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on the relative costs of the two courses of action, once the decision as to television has been taken.

For the future television facilities of the CBC, we have been forced to the conclusion that it will be necessary to provide large capital sums over the next five or six years, for the construction of efficient television production facilities in the two main production centres, Toronto and Montreal, in order to save money in operations and capital costs later. These actual savings will not be reflected during the period of our forecast and to that extent distort the picture of the next few years. The fact is that present facilities in Toronto and Montreal are inadequate and inefficient to do the scale of job now being attempted. We will see that, in response to public demand, the scale of television operations is likely to grow substantially in several ways. Hours of operation and extent of geographical coverage are almost certain to increase. There is a strong pressure for greater production of Canadian television programmes and the increased use of Canadian talent.

These expansions of television service will increase the load on the two main production centres in Toronto and Montreal. For reasons given in Chapter III, we do not think the efficient solution is to attempt to decentralize programme production which would involve the construction of facilities in other places. To try to add necessary new studios and equipment to the present patchwork of production facilities in Toronto and Montreal would probably be physically impossible and certainly would compound the existing confusion. We think all that we can do is take a deep breath and plunge into the creation of television production centres, in or near both cities, to replace the present complicated facilities and provide reasonable room for efficient future growth. In our capital forecast, we recommend provision of funds for this purpose over the next five or six years. Estimates of these expenditures appear in detail in Appendix XII.

Commercial Operation of the CBC

For reasons we attempted to give in Chapter I, we are convinced that the size of the Canadian population and economy will not support a national broadcasting system on commercial or advertising revenues alone. If we are to have some Canadian programming, provide some

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desirable types of programmes that may not be attractive advertising vehicles and do something to develop Canadian talent, public moneys must be provided in addition to earnings from commercial operations.

It may be, however, that Canada's disabilities of small population and large area will turn out to be good fortune in disguise. Because we are forced to have a national system supported by public funds to supplement commercial revenues, we may be able to provide a richer programme fare than would be possible in an all-commercial system. The impact, and the speed of impact, of a commercially sponsored programme are frequently different from those of programmes which have not gained advertising support. A programme, if it is to be paid for by advertisers, must be immediately acceptable; the buyer must see its value, the listener must want it now. Other programmes, which may not be popular today, may become popular tomorrow. There are many examples of programmes that would have won low ratings in the audience polls, going on to establish themselves and win acceptance because they were continued until popular tastes could develop. In our mixture of commercial sponsorship and public support we are able to have both types of programme — the one with an immediate impact and a direct popular appeal, which is likely to win advertising support, and the other which takes a longer view and may provide something more than the public knows it wants today, but which tomorrow may be appreciated and might even become sponsored. The combination of the two makes a more varied and interesting programme fare than either type alone. Both have a place in the Canadian broadcasting system.

We regard the commercial activities of the CBC as a proper feature of the Canadian system, not only because they make an important contribution to the support of radio and television and thus reduce the drain on the public treasury, but also as worth-while in themselves. This is a legitimate function of radio and television. Advertising is a positive contributor to living standards and economic activity and should not be regarded as a regrettable, and even deplorable, feature of our public broadcasting system. It is subject to possible abuse and requires some regulation and control; it cannot be allowed to usurp all desirable hours or to encroach seriously on other worth-while activities. But advertising has its place in the broadcasting pattern

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and when the CBC is engaged in commercial activities it should do so vigorously and with the objective of earning the maximum revenue from those activities.

In the fiscal year ending March 31, 1956, the CBC earned as net revenue from commercial activities on television \$11.2 million and on radio \$1.7 million¹.

In the current fiscal year (ending March 31, 1957) net revenues from commercial television activities are expected to rise to about \$14.8 million and from radio are likely to fall slightly to about \$1.2 million. The growth of television has had a major impact on radio especially during the evening hours which were regarded as the most profitable in the radio day. This influence is still continuing and radio broadcasting has not yet fully adapted itself to the changes caused by the advent of television².

These revenues from commercial activities in both television and radio are substantial and provided 31 per cent in 1956 and are likely to provide approximately 30 per cent in 1957 of the total cash requirements of the CBC. It will be seen that, over the period for which we are attempting to make financial forecasts, certain new expenditures — notably those for introducing colour television — may need to be undertaken without immediate hope of increasing commercial revenues. As a result, the foregoing percentages of commercial revenues to total expenditures may not be fully maintained. But we think, with certain changes in policy and greater vigour in commercial activities (when the CBC is being commercial), that advertising revenues of the CBC can be increased. It is always difficult to measure the effect of such changes in policy and emphasis, but we have endeavoured to take our proposals into account in calculating the future financial position of the CBC through to 1963.

For one thing, we think there is no longer any justification for the CBC voluntarily refraining from accepting and seeking local advertising on its radio stations. This policy was adopted by the CBC

¹ In the case of television, net revenue represents total commercial revenue less deductions for agency commissions, allowances to U.S. networks and payments to private stations of a share of network time charges. In the case of radio, similar deductions are made plus a deduction for direct costs of CBC produced sponsored programmes inasmuch as comparatively few of such programmes are sponsored.

² See also Chapter VIII — The Future of Radio.

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following a recommendation in 1951 of the Royal Commission on National Development in the Arts, Letters and Sciences "that in future the Canadian Broadcasting Corporation refuse all local commercial business for those stations which it operates directly, except in places where advertising service from private stations is not available". It is probable that there are fundamental differences of opinion on this point between the two commissions. The earlier commission seems to have regarded it as desirable in theory to remove commercial broadcasting from the national system, but found it was impractical to do so. We do not so regard it but think that advertising has its proper role and place in both radio and television broadcasting in Canada. Perhaps, however, the difference is only one of emphasis.

Whatever may have been the basis and justification for the recommendation in 1951, the financial situation of CBC has radically changed since that time. The newer medium of television is very much more expensive than radio. To assist in meeting the large costs involved and also to provide advertising opportunities in cities where CBC television stations are the only ones, CBC is today selling local advertising on its television stations. When the present single channel policy for Canadian television is abandoned — and there is no doubt that it will be abandoned — we think it will be necessary for CBC television stations to continue to seek local advertising in competition with second stations in private hands. There seems to be no conceivable logic in CBC television stations competing with private stations for local advertising and CBC radio stations not doing so.

There have also been changes since 1951 in the views and arguments of the private broadcasters. It is apparent from the Massey Report¹ that the private broadcasters protested to that Commission against the CBC accepting and soliciting local radio advertising. Some operators of private stations apparently went farther and advocated that CBC stations should not accept commercial business at all. In our hearings, such arguments were not, as far as we can recall, put forward by any of the private broadcasters. The Canadian Association of Radio and Television Broadcasters in one of its written briefs²

¹ Massey Report p. 290.

² Exhibit 312 p. 24.

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states in general terms "we favour competition". At our final hearings, a spokesman for the CARTB gave this statement¹ particular application to the question of the CBC soliciting local radio advertising. When asked by counsel for the Commission why the CBC should not change its present policy of refusing to seek local radio advertising, the reply on behalf of the CARTB was "To answer your question directly, we are quite happy to welcome wide open competition of the CBC²".

Competition was thus put forward by the private stations as being a desirable force in Canadian broadcasting and, in general, we agree with this argument. We had some difficulty in ascertaining precisely what real competition there has been in recent years between the CBC and private stations. Under policies applied by the CBC to both radio and television operations there was little competition in the direct and familiar sense of the word. Those who argued that competition did in fact exist between public and private stations contended that there was competition for audience, competition for the advertising dollar and similar general concepts. However that may be, we hope any future inquiry into Canadian broadcasting will not encounter any such difficulty, but will find vigorous active competition between public and private stations. This is not to say that competition should apply over the whole area of CBC operations, or that there are not functions which the CBC should undertake at public cost which private operators cannot be expected to undertake. We are only suggesting that where the CBC and private stations are, or should be, engaged in the same type of operation, competition should be open and vigorous. In our view there is no valid basis for some voluntary division of effort, or some hidden protection, in a field where competition can operate.

A second feature of CBC commercial activities on which we wish to make some suggestions relates to the charges made to sponsors for production costs of television programmes. Our financial adviser made extensive studies of the commercial practices of the CBC and deals with a number of them in his report, Appendix XII. We do not think it necessary to repeat this information in the body of our report,

¹ Ev. p. 7220.

² Ev. p. 7218.

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but will need to outline the present situation on this particular subject, so that our recommendations will be understandable.

In making charges to a commercial sponsor for a television programme which the CBC produces, the sales message and the entertainment portion of the programme are treated separately. The charges of the CBC for the advertising message are set out in the rate cards; the billing rates for design, staging and other services going into the production of live or filmed commercials were established over four years ago and there is some evidence that the CBC is absorbing some part of the cost of preparing commercial sales messages. The costs and charges for commercial messages in sponsored programmes are now being reviewed by the CBC. We recommend that the sponsor should be called upon to pay at least the full costs incurred by the CBC in preparing the advertising portion or sales message of the programme. There is no justification, we feel, for any public money going into the preparation of a sales message for a commercial sponsor and, in fact, some profit should, if possible, be made from these activities.

The recovery of full programme production costs from the sponsor may be quite a different matter. With the assistance of our financial adviser, we examined the commercial practices of the CBC and were able to compare them with information supplied to us on a confidential basis by one of the large American networks. In both countries, the entertainment portion of a television programme is usually sold at a package price. In determining what a sponsor is prepared to pay for a programme, one measure frequently applied is that of the potential number of viewers that may be reached by the programme per dollar of expenditure. Obviously, with the much larger and more concentrated population in the United States, the yield in terms of potential viewers from each advertising dollar is likely to be much higher in that country than in Canada. It seems that advertisers are prepared to recognize the different situations in the two countries to some extent, but there are obviously limits as to how much higher the unit costs can go in Canada. Some production costs are lower in Canada; some differences in technique — notably less reliance on the “star” system — give Canadian

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productions a cost advantage. In the result, some of the less elaborate types of television programmes can be sold at prices that will recover from sponsors the full cost of production. But for the more expensive and elaborate types of television show — especially for the so-called “spectacular” — the gap between production costs and the amount the Canadian advertiser will pay can be substantial. Such a gap occurs also in the United States for a few very lavish productions, but it does not happen nearly as frequently as in Canada.

This situation creates a number of difficult problems. Reductions in the cost of producing a sponsored programme can be pushed only so far; if production methods are too greatly simplified and too much economy is shown, the quality will be degraded to the point that the programme is attractive neither to the sponsor nor to the viewing audience in comparison with imported American programmes. Many sponsored programmes are of a type which would have to be produced in any case to provide a light entertainment content in a balanced programme fare. If only a part of the cost of programme production is recovered from the sponsor, it can at least be argued that the full cost of a good programme is not being thrown on the public treasury.

On the other hand, to accept as a general policy the principle that advertising sponsors will not pay the full costs of television programmes raises a number of difficult questions. How do you select the advertisers whose names will be associated with programmes that are partly produced at public expense? How do you offer similar advantages to their competitors in the same line of business? How do you choose the types of business to receive such opportunities — should it be cigarettes or washing machines? If only a proportion of the production costs are to be paid by the sponsor how do you fix the percentage for a particular programme? How do you measure the sponsor's ability and willingness to pay? These are very difficult questions to answer.

The CBC has, we believe, tried to get the best price it can for the television programmes it produces. In radio, as a general rule, it is able to recover from the sponsor the full amount of direct programme costs. But in television, the CBC believes that the much higher costs of programmes of the more elaborate type, cannot be obtained from available advertisers. The CBC feels that if it did not

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accept less than the amount of such programme costs, it would obtain no sponsorship at all, and the full cost of the same or a substitute programme would have to be paid from public funds. We are inclined to agree with this conclusion.

However, to deal with some of the questions suggested above, the CBC has adopted a scale or formula for determining the price it will seek from sponsors. Under this formula the production costs are estimated and a scale of discounts is established, based on the amount of the individual programme costs and the number of programmes in the series. This scale sets discounts ranging from zero for low-cost programmes to as much as 50 per cent for the very expensive programmes in a series extending over a full year. The commercial division of the CBC tries to sell each programme for the estimated cost, less the applicable discount. In some cases, where a programme of special public interest or value is involved and the discounted cost is regarded as beyond any sponsor's willingness to pay, special prices have been quoted with the particular approval of CBC management.

This procedure has the advantage of definiteness and reasonable simplicity and we are not prepared to say that it is clearly wrong. We think, however, it should be very carefully reconsidered by the Board of Broadcast Governors as a matter of policy, and in detail by the management of the CBC. It seems to us that it is too rigid and fails to provide incentives, first to the programme producers to attempt to develop original techniques and new methods to reduce production costs, and secondly to the commercial division to obtain the best possible price from the sponsor or from any other possible sponsor. If, for example, a variety show costing \$7,000 to produce is automatically placed on the market for, say \$5,000 (the figures used are not those in the CBC formula) what incentive is there for the producer to try to keep his cost down closer to \$5,000? How does the commercial division know that the particular sponsor who buys the show would not be willing to pay \$6,000 or that some other sponsor in another company or another industry would not be willing to pay \$7,000 for it? We suggest that the overall objective should be to produce programmes of good quality and high audience appeal at a cost which advertisers are willing or able or can be induced to pay. If it seems desirable to produce a particular programme for

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which a sponsor willing to pay the full cost cannot be found, an attempt should be made to sell it to the sponsor willing to pay the best price. We were frequently told in our hearings that there was a considerable unsatisfied demand for television time in Canada, and perhaps some way can be found to allow prospective sponsors to bid for the right to the broadcasting time available. We suggest further that when a particular programme — and we are here dealing mainly with programmes of a light or entertainment type — is not able to obtain sponsorship which will defray the full production costs, that programme should be re-examined by the CBC to determine if the public money necessary to have it shown is really justified, or if some other type of less expensive programme would fit equally well into the broadcasting schedule.

In this connection, we should re-emphasize here what we have stated elsewhere in the report. We think the value of a particular programme cannot be judged in isolation, apart from other programmes. The primary objective is variety, richness and balance in the whole programme fare. The task and duty of the broadcaster, whether it be the CBC or a private station operator, is to achieve such a programme balance, so as to meet in fair proportions the varying interests and tastes of the listening or viewing audience. For CBC in particular, determination of a satisfactory balance in the programme schedule must come first, and particular programmes may then be found to be suitable for advertising sponsorship. No doubt, it frequently happens that prospective sponsors come forward with programme ideas that can be fitted into a balanced schedule, and often a change can be made in a programme plan to make it more attractive to sponsors without destroying its real nature and purpose. But if commercial sponsorship is to have its proper place in our broadcasting system, programmes must be chosen primarily for their contribution to a balanced schedule and not for the ease or certainty with which they will attract sponsorship.

As regards television programmes obtained from the United States, the CBC has contracts with the three U.S. networks by which these networks agree to supply such commercial and sustaining programmes as may be mutually agreed upon from time to time. In the case of sponsored television programmes, the CBC bills the U.S. networks on the basis of 50 per cent of the net time rates of its own

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and private stations carrying the programmes. The CBC pays the private stations 30 per cent of their gross station time rates. The result of these arrangements with the U.S. networks is that the CBC receives revenue for sponsored programmes, and except for any distribution costs (a moderate charge for kine-recordings), the CBC does not pay for unsponsored programmes. In the case of radio, the allowance to the U.S. networks is 15 per cent of the net billing for station time and wire line charges./

One particular matter of CBC commercial policy relates to the question of sponsorship of radio and television news broadcasts. As a matter of policy, sponsorship of CBC newscasts is not now accepted. On nearly all private stations in Canada news broadcasts are sponsored, subject to the regulation which prohibits any advertising content in the body of the broadcast. The refusal to accept sponsorship of CBC television and radio news broadcasts is a deliberate and long-standing policy decision. It is based on the desire to avoid not only the possibility of influence or slanting of the national news service, but also the appearance or mistaken public impression that such influence or slanting may have taken place.¹ Behind the decision is also the thought that the national news service has a central importance in the national broadcasting service, and the Canadian people should at least get this much free of any advertising in return for the public moneys they pay to support radio and television.

We did not have a great amount of evidence on this question. A few witnesses spoke in favour of the present CBC policy and argued that newscasts should not be sponsored. There were, however, a number of witnesses who spoke in praise of the news broadcasting services of private stations and they did not seem to feel that commercial sponsorship impaired the quality or impartiality of these newscasts. A number of private operators described their methods of preparing news broadcasts and were unanimous in their view that sponsors did not attempt to influence the news and, if they did, the attempt would be quickly resented and resisted. The General Manager of the CBC estimated that, if the present policy were changed, \$1 million per year might be derived from the sponsorship of CBC television news and an additional \$500,000 per year from the sponsorship of

¹ Evidence p. 318 and 8000-02.

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radio news; but these estimates depended on the national newscasts being fully sold and might not be a net gain because advertisers who sponsored news broadcasts might drop other programmes they now purchase.

Our impression is that there is relatively little likelihood of many members of the public making the mistake of thinking that the news content had been influenced by a commercial sponsor. News broadcasts attract a large listening and viewing audience and are therefore good vehicles for advertising messages. With the present and prospective high levels of public expenditure on Canadian broadcasting, no substantial and legitimate sources of commercial revenue can be ignored. We agree that news broadcasts should not be interrupted by advertising messages, but suggest that substantial revenues from this source should be gained through a special premium rate on spot announcements before and after news broadcasts, without actual sponsorship of the news itself.

Another branch of commercial activity which might yield worthwhile revenues to the CBC is the export of programmes to other countries. Alternatively, arrangements for an exchange of programmes with the United States and the United Kingdom in English, and with France, Belgium or Switzerland in French, might reduce the net costs of Canadian programme production. This whole subject proves to be much more complicated than it seems at first sight. With the enormous demands of the broadcasting system — particularly of television — for a continuous flow of programmes, one would think that a programme of originality and freshness would have a ready international market. Many Canadian radio and television programmes have been acclaimed by international awards and some few have been re-broadcast with success in other countries.

Up to the present time, there have probably been more urgent matters calling for the attention of CBC management and there have certainly been difficult and complicated questions arising from labour agreements with the various artists' unions. An extra payment to the performers is required when a television or radio programme is exported, over and above what is paid when it is transmitted in Canada only. At the start of our hearings in May 1956, we were told that the extra payment to performers was 65 per cent of the original scale of fees, but the matter was under negotiation at the time. In October 1956,

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at our final hearings, it was reported that the extra charge to permit export had been reduced to 10 or 15 percent of the original fees to performers. This should do much to facilitate export of worth-while Canadian television and radio productions although there are many other technical and practical problems involved. The whole question is under study by CBC officials who are the proper ones to deal with it. We can do no more than point out that the development of an export trade in broadcasting programmes would have a value beyond the strictly economic; such exports would bring information about Canada and about Canadian artistic achievements to other countries. Even in the area of practical economics, if the trade in radio and television programmes with other countries can be developed, it will not be the first time that Canada has overcome the disadvantages of a meagre population by developing a larger mass market in international trade.

This idea of expanding the export of Canadian programmes brings to mind a number of submissions we received which suggested various forms of customs duties on the import into Canada of radio and television programmes. These proposals usually came from labour unions and others who wanted to see greater use of Canadian talent by broadcasters and advertisers, and most of these suggestions applied mainly to recorded rather than live programmes. Whatever may be the proper role of a protective tariff in building up manufacturing industries in a young country, we have grave doubts of its applicability to musical, artistic and dramatic works imported into Canada for purposes of broadcasting, and doubts also as to its efficacy in achieving the objectives its proponents have in mind. There is much to be said for receiving into our system a variety of programmes from other countries. For reasons we have given earlier, we feel that the unlimited flow of programmes from our nearest and largest neighbour would engulf our cultural identity and some restriction and control on the importation of radio and television programmes is necessary. We believe this can best be done by direct and specific methods; by the control of all network arrangements by the Board of Broadcast Governors and by regulations dealing directly with the use of Canadian talent and possibly the establishment of maximum percentages of broadcasting time devoted to imported programmes. We have suggested both these methods of dealing with imported programmes and believe they are likely to be

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more effective than any general tariff which would need to be very high indeed to exclude foreign programmes and force the use of Canadian talent in their place. If it did not do so, programmes would still be imported and would be made more expensive by the amount of the tariff charged. If it succeeded in keeping foreign programmes out of Canada, many desirable and valuable features of our radio and television fare would be withdrawn from Canadian listeners and viewers with little chance of their being adequately replaced from local sources, except at an excessive cost. In any event, we are convinced that we cannot build up an export trade in Canadian programmes and at the same time impose a stiff tariff on imported programmes and we think our chances of success are much better if the former method is chosen.

A final consideration on commercial activities of the CBC can, at the moment, be only mentioned but we do so in order that it can be studied. In the past, the CBC has made no charge to private stations either in the case of sponsored or unsponsored programmes made available to them. In fact, when the programme is sponsored some payment is made to the private station by the CBC. We think that, in general, this policy should be continued. But, in Chapter III we discuss the concept of the national programme service as being a "package" which the CBC should produce and distribute to discharge its national responsibilities. The size of this package will be restricted by finances and by availability of talent and by the need to give time for stations on the network to engage in local commercial business. It will not fill all the hours of the broadcasting day. We think that whatever is supplied as part of the package to private stations should be supplied without charge. But it may be that the CBC will produce sustaining programmes outside the package, possibly for its own stations and these other programmes could usefully be offered at a fee to private stations. There would, of course, be no obligation on any private station to take any such programmes unless it seems advantageous for it to do so.

It may well be that the implementation of our recommendations on CBC commercial activities will call for some reorganization and increase in the staff of the commercial division. In making this and other suggestions in this section, we should guard against the impression that we are recommending some abandonment of basic CBC policies or the sudden expansion of its commercial activities. We have

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no desire to see the CBC become "more commercial" or to have its programme production slanted to attract greater advertising support. We have simply tried to say that the CBC is going to continue to be engaged in some commercial activities, and when it is so engaged it should do so with skill and vigour.

CBC Station Operations

In addition to its network and programme production activities, the CBC owns and operates nine television broadcasting stations and 22 radio broadcasting stations and also 54 unattended low-power radio relay transmitters. These publicly owned stations are distributed across the different geographical areas of Canada and form the basis of the two television and three radio networks operated by the CBC.

We will deal elsewhere with extensions of radio and television coverage, particularly in Chapters VIII and IX, and will there give our recommendations as to changes in the present pattern of CBC station operations. Subject to certain specific needs for establishment of new CBC stations to achieve a desirable extension of coverage, and subject also to the possibility that as Canada grows the CBC should compete for advantageous commercial opportunities as they appear, we feel that the present pattern of station ownership is a generally satisfactory one and should not be greatly changed in the foreseeable future. We believe that the CBC should not attempt to move toward a complete national coverage through its own stations. Nor should it move toward an elimination of its station operations to become a programme producer and network operator only.

There are, we believe, great advantages in the CBC owning and operating radio and television stations across Canada. One is the intangible advantage of giving experience in direct broadcasting. Station operation should give the CBC knowledge of the problems of putting a programme successfully on the air, create a consciousness of the needs and desires of viewers and listeners, and enable it to maintain a reasonable balance in the Canadian broadcasting fare. The CBC is likely to be more successful in its primary task of producing a national programme service and operating national networks for the distribution of that service, if it has direct experience in station operations. The second advantage in station operation is a practical one. CBC radio

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and television stations should, without interfering in any way with the national purposes of the public broadcasting agency, be able to make a substantial contribution to the revenues of the public broadcasting service.

It is clear that station operation, as compared to the operation of a network, is the much more profitable end of the broadcasting business. We were given much information as to American television experience through the kindness of senior officials of the National Broadcasting Company and the Columbia Broadcasting System in New York. Similar information has been made public by them in the form of briefs and submissions to various investigations in Washington and copies were made available to us.¹ It is clear that, in American experience, television station profits as a percentage of revenues are far larger than network profits. The President of the Columbia Broadcasting System quotes in his brief the 1954 figures of the Federal Communications Commission which show that the profit before taxes of the four then existing networks was 2.3 per cent of broadcast revenue; for 377 independently owned stations, the FCC figures show a profit before taxes of 18.8 per cent of sales. The brief submitted by the President of the National Broadcasting Company makes the same type of comparison between network and station operations and goes on to deal directly with the profit and loss experience of that network. In the first eight years of NBC's television network operation, it had a cumulative loss of more than \$4 million; only in 1955 did the network yield a cumulative profit which over the nine years of operation was a net income, after taxes, of less than $\frac{1}{2}$ of 1 per cent of net sales. He states that, for several years, NBC owned television stations have contributed substantially to profits.

We believe that the same relative situation exists, or should exist, in Canada — that CBC station operations are, or should be, profitable. But, at the moment, it cannot be clearly demonstrated. CBC accounting procedures do not segregate the results of network operations and station operations. When a station produces a programme for the network it is charged in the accounts of the CBC

¹ See "Network Practices" by Frank Stanton, President of Columbia Broadcasting System Inc. to Senate Committee on Interstate and Foreign Commerce, June 1956; and statement of Robert W. Sarnoff, President, National Broadcasting Co. Inc. to the same committee dated June 14, 1956.

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as an expenditure of the station. When revenue is earned from a network programme the individual CBC stations which carry it are not credited with a share of such revenue. Admittedly where the same facilities are used for both network and local operations an exact apportionment of costs would involve elaborate accounting procedures which would be expensive and unjustified. But we think a fairly arbitrary division of the costs of facilities used for both network and station activities could be worked out to give reasonably accurate results. Our financial adviser believes, and we agree, that the segregation of network operations from individual station operations would provide useful information for CBC management.

We recommend therefore that CBC accounting procedures should treat CBC station operations as separate and distinct from network operations. Each station should participate in the revenue from network operations on the same basis as private stations. When programmes are produced or acquired by a CBC station for use outside the regular network service the cost of such programmes should be charged against the individual station's accounts.

This suggested new accounting procedure is more than a device to give some additional information to management or to introduce one further type of cost control. It is a necessary tool to be used in carrying out our recommendations for CBC station operations in the future.

In Chapter III, when we considered the present broadcasting fare, we suggested that the national programme service, in both television and radio, should be considered as a "package" to be provided by CBC in discharge of its national responsibilities. The size of the package, at any given time, will be dependent on a number of factors. Finances available to CBC will be one obvious limiting factor. So also will be the need to leave sufficient time for stations on the network to engage in community service and local commercial activities. But whatever the limits, the package should be defined with reasonable accuracy and should be delivered as completely across Canada as it is possible to do. We can see little justification for wide variations in the national service rendered by the CBC in those parts of Canada which it is physically practicable to reach. Obviously each individual Canadian cannot expect to receive exactly the same radio and television service from the CBC. There are physical and practical

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limits which will prevent such exact equality. But the differences in national service should not depend on the fact that the residence of the television viewer or radio listener is in range of a CBC station rather than in range of a private station on the national network. Specifically, as an example, if a programme such as the Couchiching Conference report is in fact regarded as part of the national broadcasting service provided by CBC, we see no reason why it should be made available to the people of Toronto and not to the people of Kingston. If a particular programme is of sufficient interest and importance to be included in the package, it should be widely distributed, using if necessary the CBC powers over network operations. If it is not to be widely distributed, it should not be regarded as part of the national broadcasting service package and, if produced, its distribution should be on a different basis. There would be considerable advantage if Canadians generally knew the contents of the national television and radio service provided by the CBC, whether it happened to reach them through a CBC operated station or a privately operated station.

When a private station on the network has carried the national programme service (whatever the size of the package may be) it should be free to engage in commercial activities, local and community services and broadcasting experiments, subject only to the general broadcasting regulations. As we saw in Chapter VI, private radio stations are generally able to show a satisfactory profit on their operations. There are undoubtedly some CBC radio stations situated in more remote areas where little commercial revenue is available. But for most of the CBC television stations and many of the CBC radio stations, we see no reason why they could not operate profitably as private stations do under the same regulations and similar conditions.

We recognize that CBC stations have regional functions to perform which private stations are not expected to discharge. The CBC television station at Halifax will be expected to provide regional services to the Maritime provinces in greater volume than private television stations in the area are likely to provide, although we see no reason why the private stations should not cooperatively provide *some* regional service. The cost of such special regional services by CBC stations should be segregated in the station accounts, along with the costs of national services provided. Also, to the extent that time is used

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in providing regional services, less time will be available for local commercial activities. Moreover, we think that in the case of many CBC radio stations (and, in future, the same may apply to CBC television stations) a number of private stations are operating in the area and there is no point in the CBC stations attempting to duplicate the programme pattern of the private stations. It is likely that CBC station activities on a local basis, when they are not carrying the national broadcasting service, will and should continue to have more experimentation and variety and less immediate commercial appeal than the programme fare of the private stations.

It is therefore unlikely that CBC stations can, or should, under the policy we suggest for the future, show as great profits on station operations as private stations show, but we believe that the Board of Broadcast Governors and CBC management should know what CBC operated stations are doing in terms of profit or loss. And we recommend that the policy (except where there are special reasons for specific exceptions) should be that all CBC radio and television stations should be at least self-sustaining in their station operations. This recommendation amounts to a proposal that each CBC station should be operated as a separate branch plant of a manufacturing company, or a separate branch of a chartered bank. In an activity where station operations are generally profitable, the purpose of station operations should be to show some profit and thereby reduce the drain on the public treasury for CBC services. If any station does not in fact break even, CBC management should know it and know the reason why.

New Developments affecting CBC Operations

There are several particular matters which may affect CBC operational costs and in any attempt to forecast future financial requirements of CBC must be taken into account. Strictly speaking, these subjects cover an area wider than that of CBC operations alone, and they need to be dealt with in this report because they were raised by witnesses who appeared before us. For convenience, we propose to deal with them in this chapter.

The matters we will now discuss are (1) colour television, (2) magnetic tape recording for television, (3) subscription or pay-TV, and (4) films in television.

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Colour Television

We had some evidence at our public hearings from the CBC¹ and from the Radio Electronics Television Manufacturers Association of Canada² on the subject of colour television. But the main source of our information on the subject came from discussions we had in the United States. We visited the NBC television station in Chicago which has recently been completely converted to colour and we discussed the subject with network officials of NBC and of CBS in New York. We wish to acknowledge again the courtesy and assistance we received from American broadcasters in this as in other matters.

The addition of colour to the television image will undoubtedly increase the viewer's enjoyment and may even expand the scope and range of television programmes. Colour, however, adds greatly to the costs both of transmission and reception of television programmes, and one could easily wish to postpone the added cost burden for as long as possible. But we fear that Canada has very little choice in the matter.

Colour television is now under intensive development in the United States. Programmes produced and transmitted in colour now appear on a regular basis and in considerable volume. All networks do some colour production and colour transmitters are now widely distributed throughout the United States. It is true that full acceptance by the American public of colour television has been slower in coming than most people anticipated. This may have been caused by the high price of colour receiving sets and the popular belief that the earlier models were difficult to operate and expensive to maintain. Recently, the cost of colour receivers in the United States has been brought down to \$500 or slightly less and more recent models are said to be nearly as easy to operate and maintain as monochrome receiving sets. No one can predict with accuracy when the U.S. public will move into large-scale purchases of colour receivers and demand substantially larger numbers of their television programmes in colour. But it is safe to say that day will come some time and probably sooner rather than later.

When it does, this is one American influence that we will be unable to resist for very long. At the present time, over a million of Canada's 2.3 million television receivers are within range of U.S.

¹ Exhibit 13.

² Exhibit 204.

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stations. If Americans are buying colour receivers in quantity to see the programmes from U.S. stations, Canadians within range of the same stations are likely to want them too. If the demand for colour in the American consuming market is strong, past experience suggests that consumer demand in Canada is also likely to be strong. If U.S. colour programmes are received by a substantial number of Canadians, they will demand the provision of service in colour from Canadian stations, and CBC and Canadian private stations will be forced to introduce colour in order to maintain advertising revenues and keep their viewers from turning when they can to American stations. Whatever we might, with prudence and caution, prefer to do — as the United Kingdom or Australia may be able to do — if the end of the American television winter comes, the Canadian spring cannot be far behind.

It is impossible to be precise as to the costs involved in converting to colour. One thing seems to be fairly certain — that the major cost is not the transmission of colour signals or even the production of programmes in colour, substantial though such costs will be, but rather the purchase of colour receivers by the public. /

On the production and transmission side, we were told that it costs about \$15,000 to \$25,000 to equip an existing television station to transmit colour. There are some extra costs involved in the transmission of colour programmes by cable or microwave relay, and the existing microwave relay system would require some changes to be able fully to transmit colour. When this is done, programmes in colour from the United States can be sent out from Canadian stations. For production in colour of Canadian programmes, the cost naturally depends on the scale of production undertaken. Not all studios and facilities need to be converted at once and it was suggested to us that a Canadian station might consider starting with a small one-camera studio with fixed lighting for use in the production of small programmes and colour commercials. Later it would equip one or more larger studios with two or three cameras and more complicated lighting. The major capital costs of colour production as compared to black-and-white are, at present, about three times as much for lighting, three times as much for air conditioning and the cameras cost three times as much. There is some possibility that the development of new types of colour cameras requiring less light will reduce the first

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two of these items. The operating costs of producing colour programmes are also higher for a variety of reasons; sets and costumes may be more elaborate, rehearsal time of actors and camera-men may be longer, greater attention to make-up is needed, and maintenance costs on colour cameras are higher. Opinions vary as to the overall amount of these extra operating costs. The best estimate we could obtain was 25 per cent higher operating costs for colour than for monochrome programmes. It could be slightly lower if American experience is favourable; it will almost certainly be higher at the outset.

In our financial forecasts and recommendations for the CBC through to 1963¹ we have made provision for the introduction of colour television on CBC stations on a conservative and gradual basis. In these calculations, we assumed that CBC stations would be equipped to transmit colour and would acquire coloured programmes on the English stations from the United States and on the French stations with the use of films by March 31, 1959. In the following fiscal year provision is made for production in colour of 10 per cent of Canadian programmes and thereafter for an additional 10 per cent each year. On this basis approximately 50 per cent of the CBC television service would be in colour by 1963. The increase in operating costs will of course be cumulative. In the year ending March 31, 1959, the introduction of colour will add over \$1 million to the level of black and white operating costs. In the year ending March 31, 1963, the added operating costs will be over \$6 million².

We think that the timing we have used in these estimates is a reasonable one which is likely to allow for the completion of experimentation and the general establishment of colour television in the United States and at the same time not leave Canada too far behind American developments. We should emphasize, however, that these are estimates only and the CBC should follow American experience in colour closely. It is unlikely that we can accelerate our pace if the United States moves more quickly than we have estimated; but if progress of American colour television should be slower than expected, our introduction of colour should be delayed beyond what we have estimated.

¹ See Chapter XI.

² All these figures are in terms of 1956 dollars.

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For private television stations in Canada, we feel that the timing and pace of introducing colour should be left to the individual decision of each station. If any private station wishes to introduce colour tomorrow using coloured films or live programmes in colour, it should be permitted to do so. On the other hand, import of coloured programmes for the Canadian network using microwave relays from the United States should await the introduction of colour transmissions by CBC stations.

Magnetic Tape Recording for Television

A recent advance of technology may soon be of definite advantage in the transmission of television programmes to those transmitters which are not connected with the microwave system. Reproduction on magnetic tape of television programmes in colour or in monochrome has passed the laboratory stage and the tape is beginning to be produced for commercial distribution. Like magnetic sound tape, television (image and sound) magnetic tape — designated in the current jargon as “video tape” — may be played back immediately after recording. It is thus a ready instrument serving to overcome the transmission problems that continental time differences create in broadcasting across Canada. Where kinescope is now used, video tape may be used in the future with the possible added advantages of better quality image reproduction and lower costs. Whatever the advantages may be in the case of video tape, they should be given some thought before major extensions of the present television microwave system are undertaken.

Subscription Television

The Commission heard spokesmen for the separate briefs of three different companies proposing the introduction in the Canadian broadcasting system of a television service by individual subscription. This service would consist of televised programmes made available, through the use of electronic devices of various designs, only to the owner of a receiving set agreeing to pay a given fee for a particular programme. In this way he would be paying an admission fee much as he would do were he, for example, a spectator at the theatre, the cinema, the concert hall or the stadium. The companies who put the

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proposals forward are the Zenith Radio Corporation and Teco Inc., of Chicago, Ill., the Trans-Canada Telemeter Corporation, a Canadian subsidiary of Famous Players Corporation, of Los Angeles, California, and the Skiatron Electronics and Television Corporation of New York City.

Although the patented devices of subscription television differ in design from one manufacturer to the other, the notion behind each one is essentially the same: it involves the scrambling and the unscrambling of the signal received. The subscriber is informed in advance of the nature and content of the programmes to be offered over a period of time and of the fee that each one calls for. The programmes thus offered to the subscriber appear in scrambled form — both the sound and the image — on his screen until they are unscrambled through the operation of an ingenious decoding device of which each individual subscriber has a key fitting only his own receiving set. It is therefore not possible — so at least is the contention of the manufacturers of the various devices — for a viewer to intrude on a subscription programme unless he pays the required fee.

Persuasive arguments are marshalled by protagonists of subscription television. It is certain that under the regime of gratuitous telecasting now existing, many spectacles of merit may be held off the air because they appeal only to audiences limited in number and for that reason do not draw commercial sponsorship. It is argued, with plausibility, that quality spectacles, for instance in the realm of drama, or spectacles of interest to educators, to scientists or to practitioners of surgery and medicine, to mention only a few possibilities, might be telecast in greater abundance if the general public were in a position to support their presentation through the payment of a fee. In this manner, it is suggested a variety of programmes might be produced, for paying audiences, that otherwise might never see the light at all.

However alluring the perspective thus painted we find it difficult to look upon subscription television as a rightful use of the air waves. Would not subscription television tend to narrow the field of broadcasting when the general drive is rather toward expansion? And how could the use of the public domain for individual rather than general service be justified? Two questions which raise serious doubts.

Also surrounded with difficulties, in our minds, is the manner of introducing subscription television in the Canadian broadcasting

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system, a system supported partly by commercial revenue, partly by government grants. In a sense, Canada already has a crude form of subscription television in the shape of tax revenue applied to broadcasting. It could be argued, moreover, that the cost of collection is probably lower under the Canadian system of "subscription" through taxation than under a regime of individual and direct subscription. The latter, it must be noted, involves substantial costs for scrambling and unscrambling devices and for administration.

Promoters of subscription television are likely, furthermore, to remain subject to the same pressures for the presentation of mass appeal spectacles as are the producers of commercially sponsored programmes. It may be true in theory that subscription television could offer to relatively small audiences, at a substantial cost to the individual viewer, programmes of narrow appeal. It is more reasonable to expect, however, that the incentive of pecuniary reward would make for the offering of spectacles of wide popular appeal at a lower charge for each individual. One must bear in mind also the likelihood that subscription television would tend to canalize for its own use the great popular programmes now offered free to the viewing public, such as the major sports events and the more extravagant shows. From this would arise, as a consequence, a sort of permanent conflict between the demand of the public to continue to receive free what they have been accustomed to receive free, and the natural desire of promoters of sports events and of other forms of entertainment to raise their gains by means of the subscription device. Such a conflict of interest would be difficult to check by regulation.

Finally, one fails to see how the CBC could substantially better its financial position by the use of subscription television unless the more lavish or popular productions were withdrawn from the free sector and offered to Canadian viewers for an individual fee. This would result in depriving the remainder of Canadian viewers of those spectacles, thus impairing in effect the service available to them.

Although we do not think we can, for the present, recommend the introduction of subscription television in Canada, whether on the public or private stations, the door should not be closed to the idea for the future. There are conditions under which subscription television might play a complementary role in a broader system, and

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the day may come when the usefulness of this role will be demonstrated. One of the conditions might be fulfilled, for instance, when television stations in Canada have become more numerous and their services to the public more varied. There would then be less force to the objection that subscription television is likely to leave the Canadian viewer with no choice but to leave his screen dark if he is unwilling or unable to pay the required fee.

Films in Television

Film unquestionably plays an important role in television. Ample evidence of this can be found in what has happened to date and in the trends that are developing not only in Canada but in countries such as the United Kingdom, France and the United States where general audience telecasts have been in operation for close to two decades.

Nor can we see anything wrong in this development. The television sets in our homes are, after all, nothing more than miniature sound cinema screens. That the process by which the image is brought to the television set is vastly different from that which is employed in projecting moving pictures on cinema screens is unimportant. The end result is the same notwithstanding that the quality of pictorial reproduction may be less in the former case than in the latter. The so-called "live" television programmes are "live" only in the sense that the photographed action takes place simultaneously with the projection of the image on the television set whereas the action on the cinema screen has been photographed many weeks, or months, or even years before the audience actually sees it. But in both cases the viewer sees a "picture", not a live performer. As one witness expressed it, does the interposition of one additional process—the projection through the cathode tube of previously photographed action as opposed to concurrently photographed action—make the "live" broadcast any better than the filmed variety? We think not.

In some cases, the filmed television programme has a number of advantages over the "live" broadcast. With film, the broadcaster can bring into our homes a variety of scenes and important news events of which we would otherwise be deprived. Even in the case of purely dramatic programmes, it may be possible to present a more

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polished and satisfying production if the director and cast can pre-film and edit their play and thus avoid the blemishes and imperfections which not infrequently creep into "live" programmes because of the numerous pressures involved, not the least of which is the chronometrical precision of the timing of the "live" broadcast.

The filmed television programme, however, should not usurp too much of the broadcast day. There are certain things that gain immeasurably by being done live. We cannot imagine, for example, that a screening of a film of the Grey Cup game several days after everyone knows the outcome of the match would attract as large an audience or give rise to as keen interest as would a "live" telecast of the same game. And there are other types of programmes, such as variety shows, where spontaneity and immediateness may be important factors and where pre-filming might rob the programmes of some of their freshness and appeal. There is also the important consideration that it is usually more costly to pre-film television programmes than it is to broadcast them "live". Finally, because of the geographic and economic conditions that prevail in Canada, it is almost axiomatic that any television station which relies too heavily on filmed material will not have a significant amount of Canadian content in its programming for the obvious reason that most of its film supply will come from other countries, principally the United States.

As to the proportion of the television fare that should be broadcast "live" and the proportion that should consist of filmed material, we do not feel competent to say. We merely wish to suggest that, so long as television programmes are well balanced and reasonably Canadian in character, it does not matter much whether they are done "live" or recorded on film provided, of course, that the nature of the programme is not such as to demand one technique in preference to the other.

It is improbable that private broadcasters, in the next few years, will themselves produce any significant volume of films for television. But what of the CBC? As the operator of what are likely to be the only national television networks in Canada for some time to come, should the Corporation be in the film production business at all, and, if so, to what extent?

This question is all the more important because filmed television serials are one area in which the CBC cannot only hope to

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recoup its costs but even, in some cases, to make a clear profit. There is such a demand for popularly acceptable television serials in the larger markets that the United Kingdom and, to a lesser extent, Australia have been able to sell such excellent serials as "Robin Hood", and others, to American broadcasters. In our view, there is no reason why the CBC, with its enviable record in high-quality and popular television dramatic offerings, should not also be capable of exporting at least some of its filmed television production.

Indeed, we were gratified to note that the Corporation has already taken the initiative in encouraging greater production of Canadian films made especially for television. At present, the CBC has two filmed serials in course of production and at least one other at the discussion stage. Each of the two first-mentioned films will likely comprise 39 episodes of half-hour duration. One, in English and French, is based on the life of the famous *coureur des bois* Pierre Radisson while the other, in English, is a dramatization of Fenimore Cooper's "The Last of the Mohicans". The CBC has provided all the capital and has full production control in the case of the Radisson film but is making extensive use of the personnel and facilities of a private Canadian film producer. On the other hand, the CBC has not provided any of the capital required to produce the Fenimore Cooper serial. The Corporation, however, has agreed with the company producing the film that it will purchase the Canadian television rights for the series at a stated price and, in return for this advance guarantee of a market, the film company will turn over to the Corporation an agreed percentage of any revenues that may be derived from foreign sales of the series.

We believe that this is a step in the right direction and urge that this field be explored further by CBC management. We do not feel competent to make specific suggestions as to the nature of the financial arrangements which should be made by the CBC with outside film producers. Indeed, a variety of different types of financial arrangements will no doubt have to be made depending on the nature of the film, its saleability in and outside Canada, the CBC's own need for certain types of programmes, etc. We merely wish to suggest that, provided choice of film is made judiciously, the CBC may be well advised to acquire more than just the Canadian television rights of

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certain films, particularly the more popular serial-type, with a view to reaping some of the benefit to be derived from foreign sales.✓

This does not mean that we think the CBC ought to enter the field of direct film production on a large scale. Obviously, the Corporation must have some film production and processing facilities of its own to do those things, such as filmed news events, filmed inserts in live programmes, kinescoping, semi-live semi-filmed documentaries, etc., which can be done better and more cheaply by the CBC itself. But the experience of broadcasters in other countries tends to confirm us in our view that, for the bulk of its film requirements, particularly the pure entertainment serial, the CBC would do well to rely on the National Film Board and private Canadian and foreign film producers. As a senior official of an American network expressed it, this is a very costly business best left to experts in film production. In any event, this view seems to be shared by the Corporation whose Chairman informed us, during our final hearings at Ottawa, that the CBC did not feel it was its job to go into film production as such and therefore did not need elaborate film producing facilities of its own¹.

Although we have obviously not inquired into the film production industry as such, we are satisfied, following conversations with the Government Film Commissioner and representatives of the Association of Motion Picture Producers and Laboratories of Canada, that the Canadian film industry will expand with the ever increasing demands of television and may go a long way towards meeting its requirements.

There are presently more than sixty film producers in Canada. The National Film Board, a Federal Crown agency, is by far the largest single unit. Some of the non-government film companies are very small and specialized and consist of not much more than a man and a camera but there are others that are fairly large and turn out a widely diversified product. One such company employs more than a hundred people on a permanent full-time basis. Figures published by the Dominion Bureau of Statistics reveal that the total output of these Canadian producers is considerable. In 1955, private industry and government agencies printed 16,040,379 feet of monochrome and 4,229,127 feet of colour film in 16 mm width and 16,387,402 feet of monochrome and 142,710 feet of colour film in 35 mm width. True,

¹ Evidence, p. 7985 to 7994.

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there was only one feature length film produced in Canada in 1955. But the production of theatrical, non-theatrical and television shorts, to say nothing of filmed advertisements, theatre trailers, newsreel stories, etc., is ever increasing in quantity and diversified in character.

There can be no doubt that the National Film Board looms large in the Canadian film industry. Its volume of production for 1955 was valued at nearly \$2.25 million while that of all commercial producers combined was about \$2.5 million. Whether the place occupied by the Board is too large or too small or whether the nature of its output ought to be altered in any way are not matters which come within our terms of reference. However, film is called upon to play such an important part in television that we feel it is not irrelevant to our mandate to say something about the relationship of the Board to the CBC.

One of the Board's main objectives, as set out in the National Film Act, is "to produce and distribute and to promote the production and distribution of films designed to interpret Canada to Canadians. . ."¹ The CBC is endeavouring, quite properly we believe, to do precisely the same thing through the media of radio and television. That being the case, it is the duty of both bodies to ensure that the vast television audience is given every opportunity to see at least that portion of the Board's product which is designed to fulfil the objective cited above. Much has already been done by the CBC and the National Film Board to achieve this end. A number of NFB documentaries are shown on the television networks regularly and in both languages. Although we believe that the closest cooperation exists between the two organizations in the furtherance of their common objectives, we suggest that consideration be given to the establishment of an official continuing committee comprising three CBC and three NFB officials who might be drawn from the production and financial branches of their respective organizations. Not only would such a committee provide a recognized channel of communication which should remain open at all times, but it would be of much value in preparing long-range plans for consideration and approval of management and also in ensuring that the needs and wishes of one organization are at all times known to the other.

¹ National Film Act, R.S.C. 1952, Chapter 185, Section 9.

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There is one area in which there has been some disagreement in the past, and that is the amount of money the CBC should pay for NFB films. Since both organizations are Federal Crown agencies, since their objectives are so similar and since neither is ever likely to be commercially profitable, it is of little consequence to the taxpayer as to who pays how much. However, in the interests of good order, we suggest that in cases where the National Film Board wishes to avail itself of television to reach the greatest possible number of Canadians with films which are specifically designed to carry out the objectives of the National Film Act, then the Board ought to bear the greater share of the cost, particularly when the film can be put to other uses. On the other hand, whenever the Board is commissioned by the CBC to make films for the latter's television purposes, we think it is only fair that the Corporation should either purchase the film outright or at least pay full Canadian television rights at whatever commercial rates are then applicable.

We would not wish anyone to infer from the above that the Commission is of the opinion that the National Film Board should be the only source of supply for CBC film requirements. Even in the documentary field, which is the Board's specialty, we believe that a healthier situation and better films will result if private film producers are not only allowed but encouraged to compete, than if the Board virtually corners the market for television's documentary needs. Non-government producers have an almost clear field in pure entertainment films which — unless we misinterpret the intent of the National Film Act — do not come within the Board's purview.

It is, then, our suggestion that the CBC should not itself engage in large-scale film production but that it should encourage with judicious vigour, and in some cases finance, Canadian producers to make films which may prove to be not only enjoyable to our television viewers but also profitable to the CBC and beneficial to our young and imaginative film industry.

Chapter VIII

The Future of Radio

SOUND broadcasting came to Canada in the early nineteen-twenties. It struggled at first, gradually gained strength and finally thrived. It became a very potent force — an intimate and vital part of our daily lives. Then, almost exactly midway through the twentieth century, television came onto the Canadian stage.

This great invention was bound to have far reaching effects on radio; but it would be wrong to conclude that television has sounded the death-knell of radio in the same way that the motor car sounded the death-knell of the hansom-cab. We do not believe that radio will be made any more obsolete by television than railways were by the introduction of regular air flights. However, we need to assess carefully the nature and extent of television's impact on radio in order to determine how radio can best be used in the future.

The Impact of Television on Radio

As television broadcasting spread across Canada, evening listening to radio gradually began to diminish. The inevitable corollary was that commercial sponsors began taking their advertising dollar out of night time radio and putting it into television. The CBC's net commercial revenues from radio, which had reached a high of about \$2.5 million in 1953, began to shrink and were only \$1.7 million in the fiscal year ended March 31, 1956. This meant, of course, that the CBC not only lost the revenue it used to derive from certain commercial radio programmes but also had to spend money to produce sustaining replacements. It has apparently been the experience in the

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United States as well as in Canada that, in radio, evening network commercial business has been most affected. Daytime network business has fared rather better while local business has stood up well and, in many cases, improved through strenuous efforts of station managements. National non-network business is still good, although not quite as lucrative as it used to be.

Although "radio seems to have moved out of the living-room into other rooms of the home and into the automobile"¹, the evidence seems to substantiate the claim that very large numbers of Canadians still listen to the radio regularly although perhaps in a different way. While the family or the social group may now habitually watch television in the living-rooms of our Canadian homes, countless individuals still listen to the radio in their kitchens, or bedrooms, or offices, or shops, or automobiles. CBC representatives stated during our hearings that although there was a reduction in the total audience listening to radio at any one time during the evening hours, the same number of people listen to the radio in any one week as was the case before the advent of television. In their estimation the audience is just as large but it listens less frequently².

As television programmes are pushed further back into the daytime, as will certainly happen sooner or later, radio will no longer have the almost exclusive daylight occupancy of the airwaves it now enjoys five days of the week. In the opinion of most broadcasters, however, even after this has occurred and television broadcasts begin at seven or eight o'clock in the morning, radio will be able to hold its own against television during the daytime better than it has been able to do in the late afternoon or the evening hours. Recent experience in the United States tends to demonstrate that this is a reasonable forecast. During the several years immediately following the large scale introduction of television broadcasting in the United States after World War II, radio was hard put to remain financially solvent. But there seems to have been an upsurge in the volume of daytime radio listening in that country during the past few years. In Canada as well as in the United States, sales of radios remain good despite television.

The reason for this is obvious. Television, in order to be enjoyed fully, must be watched as well as listened to. It requires the concentrated attention of the audience to a much greater extent than does radio. The

¹ Exhibit 108, p. 1.

² Evidence p. 8021.

housewife can bake her cakes or wash her dishes while raptly listening to the latest adventures of Sally Jones on the radio. But there would be a great many unbaked cakes and unwashed dishes in this country if too many housewives succumbed too frequently to the lures of the same adventures on television during the daytime hours. Then there are the taxi-cab drivers and shopkeepers and others who can and do listen to the radio during their working day but who could hardly go about their chores while watching television.

From the above, it seems clear that radio cannot simply ignore this young, colourful and predatory addition to the mass communications family and that some of the audience, and some of the revenue which previously accrued to radio, will continue to be diverted to television. None the less, we are convinced that radio will continue to have a vital role to play, albeit perhaps a somewhat different one than that which it played in the past.

Radio's New Role

In the estimation of many witnesses who broached this subject, the fact that radio had generally "moved out of the living-room" meant that there must be a complete reappraisal of its role. The Humanities Association of Canada pointed out that the phenomenal growth of television had not destroyed radio but had, in fact, challenged it. There seems to be little doubt, as noted by the Toronto Royal Conservatory of Music, the Vancouver Symphony Society and many others, that radio is a better medium than television for the transmission of fine music. There were others who felt that, up to the present at least, radio had provided better, more complete and more satisfying newscasts than television. And the fairly constantly increasing rate of radio sales was cited as proof of the popularity of radio programmes.

On the other hand, there are certain kinds of broadcasts that television can do better and with greater impact than radio. In this category would have to be included such things as all forms of drama, variety shows, opera and ballet, musical comedy, sports events and, last but by no means least, all children's programmes including music. In short, television excels in those programmes, of which there are legion, in which the visual plays an important part whereas radio is best in those areas where sound is the major element.

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From the above it follows that, even if television now reached as many Canadians as radio does, radio should do relatively more music and news and relatively less drama and variety. Indeed, radio broadcasters are obviously aware of the challenge and have already begun to alter their programming to meet changing conditions. Less stress is now placed on the more elaborate, lengthy and spectacular type of radio programme. In this area, radio just cannot compete with television either esthetically or commercially. Radio broadcasters are also becoming more and more aware of the fact that the natures of the two media are such that it usually requires relatively more time to offer a good presentation on television than is required for an equally good presentation of the same thing on radio. More study should therefore be given, and this has already been started, to making greater use of a kaleidoscopic approach to broadcasting in radio — to the fairly rapid succession in a fairly short period of time of a variety of different things to which full justice could not be done in television unless more time were consumed in the process.

This does not mean that radio should now completely abandon such programme-types as drama which normally gain immeasurably by being seen as well as heard. But much imagination and ingenuity are required here. It may well be that in certain dramas, a judiciously blended and directed group of disembodied voices may make the suspense more acute, the poetry more ethereal, the comedy more crisp or the tragedy more poignant than any visual presentation possibly could.

Radio should also, it seems to us, attempt to derive every possible benefit from conscious and deliberate counter-programming against television. As an example, for approximately two hours after schools close on week days, many television stations devote a majority of their time, quite properly we feel, to children's programmes. During that period, radio stations cannot only help themselves to a sizeable and ready-made audience but also render real public service by broadcasting more adult fare such as commentaries on public affairs and social relations, news reviews and serious, light or popular music. Within the limits of economic practicability and good overall programming in each medium, the sum total of listeners and viewers might well be increased if this kind of deliberate counter-programming were carried on when television and radio are both on the air at the same

time in the same area. We fully realize, of course, that it may be impractical to think that all radio and television stations in any given area could successfully engage in this type of thing but certainly the CBC can, between its own stations, as can also those private operators who happen to own both a radio and television station in the same centre.

What we have said up to this point about radio's new role applies mainly to sound broadcasting aimed at households equipped with both television and radio sets. But what about the 1.7 million households not yet equipped with television? What about the more than 3 million Canadians who are not yet, and may not be for some time to come, within reach of a television signal? What about the special audiences — the taxi-cab drivers and shopkeepers mentioned earlier — who cannot watch television and therefore turn to radio exclusively? Or what about the numerous men and women who listen regularly to radio in their bedrooms or kitchens while the youngsters' eyes are riveted to the television screen in the living-room? Radio still has a large potential audience at its disposal and will continue to have it, even after television has reached a point much nearer saturation. The radio broadcaster must continue to serve this audience. Indeed, those hundreds of thousands of Canadians whom television will not reach in the foreseeable future are perhaps entitled to even better radio service now that television has come as an additional service to those living in more densely populated areas.

We are not sufficiently versed in the broadcasting arts to attempt to chart the future course of radio and its programming with any precision. However, we can summarize our views on this subject as follows:

- (a) television notwithstanding, radio is here to stay;
- (b) good radio service must continue to be provided to the several million Canadians who either cannot or do not wish to watch television;
- (c) somewhat improved service ought to be provided to the hundreds of thousands of Canadians who live in the more sparsely settled parts of the country and who have little hope of being reached by television in the next several years;

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- (d) the broadcasters as well as the listeners and viewers will benefit from the intelligent and deliberate counter-programming of radio and television broadcasts;
- (e) in radio and television, neither medium is subservient to the other but both are complementary to one another;
- (f) radio can excel television in those types of programmes where the aural elements are more important;
- (g) radio cannot usually compete successfully with television in the production of spectacular programmes and should therefore undertake such production only infrequently; and
- (h) above all, radio broadcasters should, with the imagination, resourcefulness and inventiveness they have so amply demonstrated in the past, continually seek new techniques, new ways of effectively reaching the audience that is still there, and thus make of radio, in some of its aspects at least, an even better and more satisfying instrument than it was prior to the advent of television.

Improvement and Extension of Coverage

If the preceding paragraph is accepted as the general framework of guiding principles for radio broadcasting during the next few years, it will clearly be unrealistic to expect that there can be much reduction either in the size of the physical sound broadcasting plant or in the amounts of money required annually to make it function. Indeed, the physical plant will have to be expanded. As to operating expenditures, any savings that may result from the suggested decrease in the production of the more expensive types of radio programmes will be more than offset by the added expense of providing more extensive coverage and by other increases in operating costs.

Before attempting to determine where and how radio coverage ought to be improved or extended, we propose to consider for a moment the existing coverage.

According to the best information we have been able to obtain, about 97 per cent of the total population of Canada is now within reach of one or more A.M. radio stations¹. The Trans-Canada network

¹ Exclusive of military installations.

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reaches 89 per cent of the population, the French network 43 per cent and the Dominion network 80 per cent. Taken together, the three CBC networks cover 96 per cent of the population leaving only 1 per cent of the people outside the reach of at least one of the networks. It is of interest that CBC owned and operated stations on the Trans-Canada network reach 83 per cent of the total population, on the French network 31 per cent and on the Dominion network 26 per cent¹.

It came as something of a surprise to us that as much as 74 per cent of our total population is within reach of four or more radio stations during the daytime. At night, this percentage drops to about 43 per cent due to an increase in interference from distant co-channel and adjacent channel stations. The following table shows the percentages of population capable of hearing one, two, three or four or more Canadian radio stations.

POPULATION WITHIN RANGE OF ONE OR MORE CANADIAN
RADIO STATIONS

<i>Population Covered</i>	<i>Daytime</i>	<i>Nighttime</i>
By one station	7%	15%
By two stations	10%	17%
By three stations	6%	12%
By four or more stations	74%	43%
	97%	87%

At first glance, it would appear that radio coverage in Canada is very good. And indeed it is. Yet there are still almost half a million people in this country who cannot, except under freak atmospheric conditions, receive the signal of even one Canadian station. After considering every aspect of this question with our financial advisers and CBC management, we have come to the conclusion that a limited plan for the extension of radio coverage is desirable.

At this point, we would like to stress that during the remainder of this chapter we will be speaking only of the CBC. It is not that new private sound broadcasting stations will not continue to come into operation in the years to come. They are continuing to do so every year despite the rugged competition provided by television. But private

¹ CJBC Toronto is the only CBC owned station on this network.

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broadcasters are not likely to seek licences in the economically unattractive fringe areas which still require radio service. Whatever service is provided in those areas is likely to be furnished by the CBC with public treasury support.

We suggest a limited extension of radio coverage which will provide good service to about half of the 500,000 people who cannot now receive any Canadian radio signal and also to another 250,000 people who, although now within range of Canadian radio stations, receive very inadequate and somewhat sporadic service. Therefore, even with the recommended extension there will still remain some 250,000 people who will have virtually no Canadian radio coverage; but we feel that it would be economically impractical to extend radio service to these very scattered settlements during the period of our six-year forecast.

The extension plan will involve the erection, during the six-year forecast period, of 4 new transmitters, varying in power from 250 watts to 50,000 watts, the replacement of inadequate facilities at Grand Falls, Newfoundland, and Halifax, Nova Scotia, some increase in power at Sydney, N.S., the building of 97 low-power relay transmitters ranging in price from \$5,000 to \$15,000 each and the contingency provision of funds for 4 new transmitters and 30 low-power relay transmitters as insurance against future growth and shifts in population.

The most important single element in this plan is the erection of the 97 low-power relay transmitters and the four new transmitters which is contemplated in our six-year forecast at a total capital cost of nearly \$2 million. These new facilities, particularly the low-power relay transmitters, are to be located in remote areas of every province except Prince Edward Island which, for obvious reasons, does not give rise to as difficult problems as her sister provinces. The overall capital investment in the extension plan will be about \$3.3 million including a contingency of \$1 million to provide for future growth and shifts in population.

As set out in detail in Appendix XII, these capital expenditures of \$3.3 million for coverage extension are included in the overall figure of slightly more than \$18 million which is the sum total of the capital projects to be undertaken in the next six years to keep radio functioning at what we consider to be an adequate level. After deduction of commercial revenue, we have estimated

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that CBC net operating requirements for radio will increase from \$12.8 million per annum at the present time to about \$16.5 million for the year ending March 31, 1963.

The Dominion Network

On the question as to whether the maintenance of two English language radio networks is justifiable in the light of the extraordinary development of television and the increasing costs of radio, we heard very little except from organizations fairly closely allied to the production or business aspects of broadcasting. Certain private stations thought that the Dominion network ought to be continued but that every effort should be made to make it more viable commercially. There were others who felt that this network should now be abandoned and that the CBC should concentrate all its efforts on maintaining and improving, if possible, the standards of the Trans-Canada network.

The Trans-Canada and French networks together now cover 95 per cent of the total population. There is only one percent of the population which is reached exclusively by the Dominion network. The CBC has agreed that if it were decided to abandon the Dominion network, it would be possible to add a few private affiliates to the Trans-Canada network and thus give national service to the few areas now served only by the Dominion network. However, CBC representatives pointed out that it would be difficult to induce sponsors to pay for additional stations on the Trans-Canada network and, further, that the Dominion network offered the best opportunity for working cooperatively with private stations in programming. In the opinion of the CBC, discontinuance of the Dominion network would mean the loss of a useful avenue for getting out national programmes to a good-sized audience that does not habitually listen to CBC stations. It would also likely mean that private stations now affiliated to the Dominion network would henceforth carry less Canadian programming.

As we have noted in Chapter III, station CJBC, the originating station for the Dominion network, presents rather poorly balanced programming during the eighteen hours or so it is on the air each day. However, during the four or five hours it operates daily as a

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network originating point, the programmes are normally varied and worth while. We recognize the force of the argument that this network brings good national programming, in rather small doses it is true, to an audience which might not otherwise be reached. But there is also a good case for eliminating the network. The immediate saving would be of the order of \$600,000 per annum. This net annual saving might be only about \$300,000 if the CBC is right in its contention that it can reduce the costs and increase the revenues of the Dominion network. However, the fact remains that the cumulative effect of the annual deficit, which will likely increase rather than decrease over the years, is not one that can lightly be overlooked.

In view of the relatively unrewarding nature of network operations from the financial point of view, we have grave doubts as to the wisdom of maintaining the Dominion network now that television, with its enormous costs and power of impact, has become a daily occurrence in much of Canada. We tend to share the view of those who feel that, in radio, the Corporation should not disperse its efforts between two networks but should concentrate its talents and energy on making the Trans-Canada network the best to be found anywhere.

There are so many arguments on both sides of this issue, however, that we merely wish to indicate that we are inclined to favour elimination of the Dominion network and to urge that the proposed new Board of Broadcast Governors should give early consideration to this whole question and decide whether, in its view, the public interest would best be served by continuing the Dominion network or by eliminating it and by strengthening the Trans-Canada network.

The Far North

The only Canadian radio service now available in the Yukon, the Northwest Territories, Labrador and in the northern parts of Manitoba and British Columbia is provided by eight very low-power stations located at Whitehorse, Dawson and Watson Lake in the Yukon, Aklavik and Yellowknife in the Northwest Territories, Fort Nelson in British Columbia, Fort Churchill in Manitoba, and Goose

Bay in Labrador¹. All these stations are manned by personnel of the Canadian Armed Forces or the Department of Transport and are supplied with tape or disc recordings of CBC network programmes. These recordings are usually flown in by the Royal Canadian Air Force. In addition, the CBC 50,000 watt station at Watrous, Saskatchewan and Lacombe, Alberta, are heard on the southern fringe of the northlands. Reception from the CBC shortwave transmitters at Sackville is very unsatisfactory most of the time.

The Commissioners of the Yukon and of the Northwest Territories each submitted a brief in which they forcefully and convincingly pleaded for improvement in what the CBC itself freely admits is a poor service. It is true that the combined population of the Yukon and the Northwest Territories is only 32,000 (about 50 per cent white and 50 per cent Indian or Eskimo), but these 32,000 people are in greater need of Canadian radio than most of their fellow countrymen not only because of their isolation from the main flow of national life but also because, in many areas, Soviet and, less frequently, American broadcasts come in more clearly and with more up-to-date programmes than the local stations. In the words of the Commissioner of the Yukon, it would not be surprising if the operators of the Soviet radio service looked upon our northland "as an interesting battle-ground of Soviet and American ideologies through the medium of radio, while Canadian viewpoints are totally absent"².

Canadian radio service is now inadequate in the north not only because of the low power of the stations — 25 to 50 watts — and the obsolescence and age of most of the transmitting equipment but also because, by reason of transportation problems, some of the recorded CBC programme material has ceased to be topical by the time it reaches the listeners. CBC management has stated that it could provide good radio service with a capital expenditure of \$2.5 million spread over the next three years and annual operating expenditures of some \$450,000 when the erection of the needed facilities would be completed in 1960. Of the total capital outlay of \$2.5 million, about \$2.2 million would be required for the construction of two shortwave stations (one near Vancouver, the other near Winnipeg) and about \$300,000 to modernize the transmitting equipment at the

¹ A ninth station at Hay River, N.W.T., has ceased operations.

² Exhibit 32, p. 5.

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9 local stations, to install diversity antennae for reception of shortwave transmissions and to supply each local station with necessary recording and "play-back" equipment. These local stations would be operated by local corporations or trusts under general CBC supervision and, naturally, within the framework of broadcasting policy and regulations applicable in Canada.

This plan envisages that CBC network programmes would be transmitted by shortwave from Vancouver and Winnipeg, picked up by local stations' special antennae and then rebroadcast on each station's standard wave-length. This would enable most people in the north to enjoy immediate network service either by listening to one of the local stations on the standard band or by tuning in direct to Vancouver or Winnipeg by shortwave.

We do not consider that, under normal Canadian broadcasting conditions, capital and operating expenditures of these magnitudes are justified for a maximum audience of some 30,000 people. However, these expenditures may well be justifiable for the special reasons outlined above. On balance, we think that the suggestions submitted to us were not only reasonable but worthy of support. But, precisely because the circumstances are so special, we have made no provision for the proposed northern broadcasting service in our six-year forecast and recommend that, if this or some other project is approved by the proper authorities, the funds required for both capital and operating purposes should not be considered as part of ordinary CBC operations but should be provided separately, perhaps in somewhat the same manner as special and separate financial provision is made for the International Service of the CBC.

Frequency Modulation

From written and oral submissions made to this Commission, it is clear that some Canadians are interested in one of the more technical aspects of radio broadcasting, and that is frequency modulation (FM).

Although we had no means of measuring the volume of FM listening in Canada, the representations made to us and the fact that there are now 30 FM stations¹ operating in Canada would seem to indicate that there is some FM listening.

¹ All of these stations except one are both AM and FM and normally broadcast the same programmes simultaneously over the two different bands.

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The greatest single advantage of frequency modulation is the high degree of accuracy and freedom from static with which it can reproduce sounds. This is obviously a great advantage in the transmission of such programmes as good music.

This is not a matter to which we have devoted much time or thought. However, we venture the suggestion that any move that can be made towards more general use of frequency modulation in radio broadcasting would seem to be in the best long-term interest of the listener.

The International Service

The International Service operates out of studios in Montreal through a series of shortwave transmitters located at Sackville, N.B. Although this service is managed by the CBC, its policies are laid down by the Department of External Affairs and its financial requirements are provided by separate parliamentary vote. It is essentially an arm of the Government.

We did not therefore consider that this service came within the terms of our mandate. However, we wish to place on record the fact that, during the course of our travels across Canada, we visited the International Service's installations at Sackville and found them to be technically impressive and efficiently operated.

Chapter IX

The Future of Television

WHEN Canadian television broadcasts began on a regular basis in September 1952, there were about 146,000 receiving sets in Canada. These had been purchased by householders living within reach of the signals of American television stations. About the time our public hearings started in April 1956 there were over 2 million television sets in Canada, and by December 1956, four years after the first Canadian telecast, the number had grown to an estimated 2.3 million.

This is a spectacular rate of growth. In less than three and a half years, television sets came to two million Canadian homes. It took telephones 75 years and radio sets 25 years to reach two million homes. The growth of television in Canada has been the fastest of any country in the world up to the present time. As such it is, no doubt, a matter of pride and satisfaction and it may also indicate that the system applied to its development has been a good one. At least it produced the results originally outlined by the Government much more quickly than anyone had expected. However, this rapid growth has not been an unmixed blessing. It has given rise to problems, particularly in the realm of finances.

It is quite clear that the forces that produced the rapid development of Canadian television in the last four years have not spent themselves. In this medium, everything is expensive and any expansion is bound to be costly. It is, therefore, important to consider what scale of growth, in several forms, will be demanded by the Canadian people and to try to discover if we can, or should, afford it.

There are three principal items or elements of growth in the Canadian television system which we should discuss. First, present service can be increased by extending the hours of broadcasting by

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television stations now in operation. Secondly, new stations can be brought into existence in areas not now within reach of Canadian television signals. Thirdly, new stations can be licensed in areas now served by Canadian television stations.

Extension of the Television Broadcast Day

In January 1956, Canadian television stations were, on the average, broadcasting 62 hours per week. This was less than half of the broadcasting hours of the average Canadian radio station (126.9 hours per week) and little more than half that of two U.S. television stations in Buffalo and Detroit (116 hours per week). The two American stations were broadcasting the equivalent of from 7 a.m. to midnight on Mondays to Saturdays, and 10 a.m. to midnight on Sundays. By contrast, the average Canadian television station, in January 1956, was on the air the equivalent of the time from about 4 p.m. to midnight Mondays to Fridays and from 2 p.m. to midnight on Saturdays and Sundays.

There was, moreover, considerable difference between stations in the length of time on the air. CBC English-language stations were broadcasting between 63 and 75 hours a week, while English-language private stations were on the air between 42 and 88 hours. The French-language stations, both public and private, were broadcasting each day for somewhat shorter periods than their English-language counterparts, presumably because there is less suitable filmed material available in French.

Undoubtedly there is considerable pressure for an increase in the hours of television service and the commencement of broadcasting at an earlier time of the day. Nearly half of all Canadian sets are within reach of U.S. stations, where broadcasting generally begins in the early morning and continues through the daytime hours when Canadian stations are idle. Apart from this competition for the attention of Canadian viewers, there are some types of programmes that are more suitable or appropriate for showing during the day: school broadcasts, farm programmes and special programmes for housewives are examples.

There is, of course, no limitation on the hours private television stations may operate. But we must form some opinion as to the

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desirable and possible operating periods of CBC stations, so as to estimate future costs of CBC network and station activities. Any extension of hours of service will be expensive. Simpler programmes may be used during the daytime and programme production costs will therefore be somewhat less, but this advantage is likely to be offset by the fact that commercial revenues from sponsored programmes during the day are lower than in the evening hours. In addition, an extension of television hours may aggravate the adverse effect on radio advertising revenues that has already occurred during evening and weekend periods.

We asked, as part of our financial investigation of the CBC, which will be more fully described in Chapter XI, for a plan covering the extension of hours of service on CBC stations and an estimate as to its cost over several years. The CBC management proposed that, in 1957 and 1958 (the fiscal years ending March 31 in each case), all CBC stations should be brought up to at least 70 hours per week. At present, only Toronto and Winnipeg are operating as much as 70 hours per week. It was then proposed that, beginning in 1959 and continuing through to 1962, approximately two hours of service per day would be added each year, which would bring the total weekly service to $107\frac{1}{2}$ hours and would mean starting broadcasting each day at about 9.30 a.m. This plan would not have brought the Canadian broadcasting schedule in 1962 up to the levels now existing in the United States and, having regard to the rate at which expansion of hours of service took place in the United States, we could not say that this suggested plan was unreasonable or that it would not in fact be wanted and demanded by the Canadian people. We found however that the costs of carrying out this proposal for the extension of broadcasting hours were beyond the levels we were prepared to recommend. This was one of the major items adding to the prospective financial requirements of the CBC. It would have added over \$17 million to the net annual operating costs, after allowing for increases of commercial revenues from sponsorship of daytime programmes.

We therefore asked our financial adviser to work out cost estimates at a slower rate of expansion. We did not think that all additions to the number of broadcasting hours could be avoided. The television system which has been growing rapidly for four years in response to public demand could not suddenly be frozen at the

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stage of development it has now reached. Undoubtedly the important contributions that television is making to Canadian life will be greater if broadcasting can take place over longer hours. With the natural emphasis placed on programmes of relaxation and entertainment in the evening hours, a better overall programme balance, with a greater content of information and enlightenment, could be achieved with an extension of service into the early afternoon. But on cost grounds alone, we felt the Canadian expansion would have to take longer and proceed at a slower pace than the CBC proposed.

Our financial adviser, in consultation with the CBC, worked out a revised proposal which we are prepared to recommend. It calls, as in the CBC plan, for bringing all CBC stations up to a broadcasting level of at least 70 hours per week by March 31, 1958. In each of the succeeding fiscal years through to 1963, between $2\frac{1}{2}$ and 5 hours per week will be added progressively to the schedule. This plan, if implemented, will bring the CBC broadcasting level to $88\frac{3}{4}$ hours per week by 1963, and would mean beginning service at about 12:15 p.m. each day. This will still, six years from now, put CBC service at only 75 per cent of the volume of service given today on American television stations. This may be regarded by some as being the unfortunate result of timidity and excessive caution. But the costs of even this modified rate of expansion of hours of service are very high and are likely to add over \$9.5 million by progressive stages to the annual operating costs of the CBC¹. We recommend it, however, because we believe it would be unrealistic to expect the Canadian people to demand anything less than this volume of television service. If this is so, we cannot say that it is beyond their ability to pay.

Our recommendations on this point involve some extension in the hours devoted to the national television service — some increase in the “package” — and an even greater increase in the local and regional content of the broadcast fare on CBC stations. We think that some increase in the national service is desirable and necessary. There may be a need for school broadcasts and farm broadcasts and news services during the extended hours of operation in the early afternoon. But we

¹ As will appear more clearly when the financial forecasts are discussed in Chapter XI, this estimate of increased costs includes not only the costs of equalizing the service to 70 hours a week on existing stations but also the costs of extending service to $88\frac{3}{4}$ hours a week by 1963 to all CBC stations.

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do not think that the present percentage of national service to total broadcasting time should necessarily be maintained. If the extension of hours of station operation should proceed at a moderate pace, the hours of national service should be increased even more slowly. There is, of course, always the possibility that the hours of service of CBC television stations can be extended at a more rapid rate if the individual stations find it possible to operate on a break-even basis during the added hours.

New Stations in Areas not Now Served

When television broadcasting began in Canada in 1952, the objective announced at the time was to make the national television service available as quickly as possible, and to as many Canadians as possible, across the entire country. It was apparently then contemplated that about 75 per cent coverage of the Canadian population would be substantial achievement of this objective. It is estimated that today a little over 80 per cent of all Canadians are within range of Canadian television stations. This does not mean that all of these people have been able, or have chosen, to buy receiving sets to take advantage of this opportunity. Latest estimates are that, while 80 per cent of the population is within reach of Canadian television signals only about 60 per cent of Canadian households actually have television receivers. This is considerably lower than the United States where 99 per cent of the families live in areas served by television and over 75 per cent have receiving sets.

Where an expensive service is provided through public moneys, it is always difficult to know when to stop extending the service to reach more of the people who contribute the funds. In theory, since all Canadians pay taxes directly or indirectly, they should receive the same service. In practice, such perfect equity of treatment cannot be achieved and the expense of bringing service to remote areas is found to be prohibitive and unjustifiable. This is true of many public services in a sparsely settled country such as Canada. The development of railways, highways, electricity, schools and hospitals cannot come at precisely the same time to all areas of the country; the cost of bringing such services to widely scattered groups in remote areas may be

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disproportionately large compared to the benefits conferred. The more costly the service, the larger the population group must be to justify the extension of the service to it.

These general considerations apply to the geographical extension of television service. Radio service, at an earlier time, went through the same pattern of development, but after 30 years of growth has naturally been able to achieve a much higher percentage of Canadian coverage than television could in five years. Moreover, radio service to remote areas is much less costly than television; the geographical range of radio transmitters is much greater and the cost of producing radio programmes is much less. In the preceding chapter we make some suggestions aimed at extending radio coverage in remote areas and filling some gaps that now exist. However much we regret it, there will probably be more than one and a half million Canadians who will have to rely for their broadcasting service on radio and will not, in the foreseeable future, be brought within reach of Canadian television. We do regret it because the value of television in terms of information, entertainment and identification with the rest of the country is greater for people living in remote areas than it is for Canadians in the settled parts of the country. But until population reaches a certain minimum density — and the minimum will obviously vary with the location, remoteness and physical conditions of the area concerned — the cost of bringing television to small scattered groups of Canadians in remote areas cannot be justified.

We believe that the extension of television service in Canada to more than 80 per cent of the population in less than five years is a creditable record. It is impossible for this pace of expansion to be maintained and further extensions of coverage will come more gradually and will generally be more costly.

At the present time there are 38 television stations operating in 36 different communities across Canada and six licences for new television stations have been granted. When these new stations come into operation, Canadian television service will reach virtually every community with a population of 20,000 or more.

To extend the coverage beyond this level means going to smaller communities of perhaps 5,000 people, most of whom are in remote areas or in places, such as the interior of British Columbia, where for

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technological reasons it is difficult to provide television service. The capital cost is high per thousand of population served, but the more serious problem is that of paying relatively high distribution costs for bringing the national programme service to a large number of these smaller stations.

We found that the CBC had been studying this problem of extending television service to Canadians not now within reach of Canadian (or usually any other) signals and believed that, at a reasonable public cost, coverage could be raised from about 80 to about 90 per cent of the total population. We asked the CBC to submit a detailed plan for this programme and our financial adviser submitted estimates of the capital and operating costs involved in this extension of service, which we thought desirable if it could be afforded.

The first plan we received called for the construction and operation of 51 small transmitters across Canada, mostly of low power and of the automatic type known as "repeater" stations. In some cases these stations would have operated on VHF channels where available, in others on UHF channels. They would each bring television service to areas with a population of 5,000 or more which areas are now without service. In the original financial forecasts, of which this extension of television coverage was only one part, the resulting costs were, we considered, beyond what Canada should undertake. At least, they were beyond what we were prepared to recommend. We asked that they should be reduced by an extensive revision of the original plans.

Meanwhile, it developed that some applications for licences might be made by private interests to establish a number of low-power stations in areas not now being served. Such private or community efforts would reduce the capital requirements of the expansion of coverage, although it would not have a significant effect on the operating costs of CBC in getting the national television service to these scattered stations. However, we concluded that plans should be made on the assumption that private applicants would seek licences for between one-third and one-half of the proposed 51 low-power stations needed to extend coverage from 80 per cent to 90 per cent of the Canadian population. To be more precise, our financial forecasts provide for the construction of 27 low-power repeater stations in centres of 5,000 population or more and the provision of television programme service

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to these and the other 24 similar privately owned stations. It involves over the next six years, to March 31, 1963, a capital expenditure of approximately \$6.5 million and an increase in progressive stages of annual operating costs of about \$4.5 million in the final year of the forecast. We feel that capital and operating expenditures of this magnitude are justified in order to bring television service to over one and a half million Canadians, and are not out of line with costs undertaken for the first 80 per cent of the population. We also feel that, while no rigid line can be drawn, the cost of extending coverage beyond the level of 90 per cent of the population would not be justified, unless and until the Canadian population is substantially larger and more concentrated or new technological developments in television reduce the costs of reaching scattered groups of people.

One further suggestion may be in order on this subject of extension of television coverage. It concerns the role of the CBC in providing new services to the Canadian people. We have already indicated that private interests should be allowed and encouraged to participate in extensions of the Canadian television system. There is no thought that the CBC should own and operate all new television broadcasting stations in Canada. But on the other hand, there is no thought that the present pattern of CBC owned and operated stations should be frozen or remain static. The tendency will be to expect the CBC to undertake those extensions which are certain to operate at a loss and we recognize that some of these fall within the agreed purposes of the public broadcasting agency. However, we see no reason why all economically attractive opportunities for new stations should necessarily be left to private enterprise. There may be some disadvantage in having CBC owned and operated stations limited to the six largest Canadian cities. There might be some positive advantages for the development of a balanced and realistic national programme service to have the CBC in direct contact with the life and attitudes of Canadians in small as well as in large communities. In any case, if a private station can operate at a profit within the limits of existing regulations, we see no reason why the CBC should not also operate at a profit within the same limits. Competition between the CBC and private applicants for new licences would be a good and healthy thing and, if the CBC can obtain some additional and economically sound stations, their operation may assist in reducing the cost of television to the

Canadian taxpayer. As a practical matter, we had to exclude these possible developments from our financial proposals. From that, however, it should not be assumed that we intend to exclude the CBC from competition for new licences. If, as Canada grows and communities become larger, the CBC can present to the Canadian government specific plans to establish new television stations and operate them at a profit, our financial suggestions are not so rigid that such sound proposals cannot be accommodated. The same general comment also applies to the CBC seeking second station licences when the present single channel policy is abandoned, a matter which we discuss in the next section of this chapter.

New Stations in Areas Now Served

One of the most difficult issues brought before us was the question as to whether the so-called "single channel" policy which has been applied to the development of Canadian television up to the present time should or should not be maintained.

In the fall of 1952, after the report of the Massey Commission had been considered and the first Canadian television stations in Toronto and Montreal had started regular broadcasts, the Canadian government announced in the House of Commons its policy for the development of a national television system. This policy called for the construction and operation of other stations by the CBC in Ottawa, Vancouver, Winnipeg and Halifax in order that there might be publicly owned television facilities in each of the main geographical regions of the country. At that time, the government indicated that it would be prepared to consider applications for licences for private television stations to serve areas that would not be served by these publicly owned facilities. The objective was to make national television service available to as many Canadians as possible through both public and private stations. The statement of policy went on to say that, since this was the objective, "no two stations will be licensed at the present to serve the same area . . . Canada is very large and it will require a good many stations before television can be brought to the people in most parts of the country. It is desirable to have one station in as many areas as possible before there are two in any one area".¹

¹ House of Commons debates, December 8, 1952, page 409.

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We think that up to the present time, this "single channel" policy has been a wise one and has resulted in a more rapid and more even development of television facilities across Canada than would otherwise have occurred. However, the original objective of bringing television within reach of at least 75 per cent of the Canadian people has now been exceeded and the continued application of the policy should therefore be carefully reconsidered.

It seems obvious that no one thought of the "single channel" policy as a permanent thing. In the original statement of December 8, 1952, second licences were prohibited "at the present". A few months later, on March 30, 1953, the Honourable J. J. McCann stated in the House of Commons¹ "The principle of one station to an area is to apply only until an adequate national television system is developed. At the rate that applications for stations are now being received it may not be long before there is a sufficient degree of national coverage to justify the Government and the CBC giving consideration to permitting two or perhaps in some cases more than two stations in certain areas. It is anticipated that, in due course, private stations will be permitted in areas covered by CBC stations, and the CBC may establish stations in some areas originally covered by private stations".

This was, therefore, an interim policy designed to encourage and facilitate widespread basic television coverage across the country as a solid foundation for future growth. With this objective largely achieved, the problem now is to build on this foundation without weakening it.

There is strong public demand for the granting of licences for second stations. This demand is naturally more evident in the larger cities and more populous areas. It ranges from the argument heard in Winnipeg that no American stations can be reached and people in that city desire a Canadian alternative, to the submissions in Vancouver and Toronto that large numbers of viewers, who are turning to American stations, could be re-captured by additional Canadian stations, together with some volume of Canadian advertising revenues now going to American stations. In our public hearings, some 56 briefs advocated the licensing of additional television stations in localities that now have Canadian television service. Of this total, 14 were

¹ House of Commons debates, March 30, 1953, page 3393.

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submitted by private broadcasters, the Association of Canadian Advertisers, the Radio and Television Electronics Manufacturers' Association and the Association of Radio and Television Employees of Canada — all with a direct and legitimate pecuniary interest in the abandonment of the "single channel" policy. But the other forty-odd briefs were submitted by a diversified and representative group, including several chambers of commerce, farm associations, trade unions, university groups, parent-teacher associations and women's organizations. Even the few witnesses who argued that the "single channel" policy should be continued did not oppose the idea of alternative service as being undesirable in itself. Organizations such as the Canadian Federation of Agriculture and La Fédération des Sociétés St-Jean-Baptiste believed that the special objectives of the CBC were valuable and that competing second television stations would weaken the CBC, would add to its financial problems and would impede its extension of coverage to areas not now provided with television service. Therefore, these witnesses suggested that second licences should only be granted when CBC coverage had been further extended and its finances assured.

We think that the time has come, or is near at hand, when the "single channel" policy should be abandoned. But, in our opinion, it is important to determine when the policy should be abandoned, to whom second station licences should be granted and, most important of all, on what terms they should be granted.

Stated in its most general terms, the problem is to avoid duplicating in television the mistakes that were made in radio. We have today in Canada 167 private radio stations of which 69 are not affiliated with any Canadian network. As indicated elsewhere in this report, the poorest programming is to be found among the unaffiliated radio stations. Some stations in this category do a good job, some have a passable performance, others are completely inadequate. The variations are wide and, up to the present time at least, CBC regulations have been rather ineffective in controlling the performance of private station operators. This should not be allowed to happen in television where the number of channels available for practical use are very limited and unevenly distributed across the country.

It is true that there are many ultra high frequency (UHF) channels available, but they are not practically usable today. Television was introduced in Canada and the United States using the very high

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frequency (VHF) wave lengths and nearly all of the receiving sets now in use could only receive UHF signals by the addition of expensive adapters.

Ultra high frequency (UHF) channels may some day come into common use but, for the present, licences must be confined to the very high frequency (VHF) channels of which there are only twelve, allocated under international agreement with the United States and duplicated at intervals across the continent, with specified geographical separation between allocations of the same or adjacent channels to prevent interference between stations. The power to shift allocations assigned to Canada is limited, and at best could only add a channel to one community by taking it away from another. Under the present channel allocation plan, there are two VHF channels open in Montreal, only one in Toronto, none in the Ottawa-Hull area, none in Sherbrooke, two in Winnipeg, one in Calgary, one in Vancouver, none in Peterborough or London or Hamilton or Windsor, Ontario — to mention only larger cities near the international border. Because of this scarcity of available channels, choice of licensees is both difficult and important.

While the physical limitations are real, the economic factors affecting the grant of new television licences are probably more important and certainly more complex. The total number of unused channels allocated to Canada gives no accurate picture of the number of licences that could be used successfully. For example, the fact that there are three unused VHF channels in Calgary and in Edmonton and two in Halifax and in Sydney does not necessarily mean that Alberta would have six and Nova Scotia four new television stations when the "single channel" policy is abandoned. Applications will only be made by private interests where open channels exist in centres of population large enough to provide a reasonable hope that the new stations will be commercially successful. As a practical matter, it might be a good guess that if licences were granted freely for unused channels, there would be new private stations throughout Canada as follows: one in Toronto, one or two in Vancouver, one or two in Winnipeg, one or two in Montreal, and possibly one in Calgary, Edmonton, Halifax, Regina and Sudbury. This relatively small number of additional television stations would hardly form the basis of a second national television network, even on the doubtful assumption that the Canadian economy can support a second national network. These new

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stations would be separate individual operations in the sense they would be unaffiliated with any regular network, but we do not think they should be isolated or separate stations in the sense that they would not be part of the single Canadian broadcasting system. These second television stations should be integral parts of that system, with the same purposes and objectives as television stations affiliated with the national networks and with the same obligations to serve Canadian needs and national purposes. The ends for both types of station should be the same; the method of reaching those ends and the means of ensuring that they are reached may be different.

In the larger metropolitan centres, there are likely to be a number of applicants vigorously competing for the one, or at most two, available channels. These applicants will seek licences in the hope that they will be able to make a profit from their investment. In the opinion of one witness, a second television licence in Toronto "is going to be one of the richest plums that has been in the public gift for a long time".¹ It is clear, however, that only one of the several applicants for each channel will be able to have it and the disappointment of the losers, who will be many, seems likely to outweigh the satisfaction of the winners, who will be few. For this reason, we found it difficult to agree with the contention of the CARTB that "the issue is a simple one — the right of Canadians to have a freedom of choice, from Canadian sources, and the right of those Canadian citizens willing to risk venture capital to do so".² We did not find this issue simple or this argument helpful in solving it.

From the standpoint of the public and of this Commission, the most important question as to the operation of these second stations concerns their programme performance. Here, an examination of the economic factors is important. We do not think it would be reasonable or practicable for the CBC to provide these new private stations with any programmes, except possibly a reserved right to require programmes to be carried at times of national emergency or special national celebrations. The new stations would mainly be in places where the CBC is already operating television stations carrying the national programme service. To attempt to supply second stations with CBC programmes for any substantial part of the broadcasting day would involve heavy public expense. To make some division of the present

¹ Evidence page 7812.

² Exhibit 312, page 25.

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national programme between existing CBC stations and the new private stations would only mean that the resulting gaps in the programming of CBC stations would have to be filled at public expense by additional programmes. In either event, we do not think that the heavy additional cost of producing programmes for second television stations in areas already served by CBC stations would be justified. However, if it should turn out that the CBC has surplus capacity for the production of programmes and these can be sold at a profit to private non-network stations, this might be a welcome method of easing the drain on the national treasury.

Left to their own devices for providing programmes, operators of second television stations will be subject to strong economic pressures. There will be the pressure to take as much advertising as possible. There will be the pressure to obtain programmes at the lowest possible cost and, in practice, this would mean a high content of filmed American programmes and little original production or use of Canadian talent. Finally, there will be heavy economic pressure on these new independent stations to become outlets of United States networks. We do not think that these rare Canadian assets, represented by the small number of open channels that can be put to immediate practical use, should become branch plants of any American broadcasting system. We are, however, prepared to admit that all worth-while American programmes cannot be acquired for Canadian distribution by the CBC television network and that some portion of the programmes on second private stations could well come from American sources.

These economic pressures inevitably lead, in our opinion, to the necessity of clear-cut regulations defining the minimum standards of programme performance required of such stations. But before attempting to suggest the nature of these regulations, there are two arguments against the early abandonment of the "single channel" policy which might be examined.

It has been said that available television channels not now in use are rare and precious natural resources that should be preserved for some use in the future. Because the number of unused channels allocated to Canada and practically usable at the present stage of television development is limited, we agree that great care should be exercised in granting licences for these scarce resources. But we think they should not be left idle if they can be used effectively for the benefit

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of the Canadian people. As with other scarce natural resources, they should not be wasted but neither should they be hoarded. It is reasonable to expect, as actually occurred with radio frequencies, that technology will open greater numbers of television channels than are now apparently available, and the chances are that this will happen more quickly if existing channels are in use. On the other hand, we think that the remaining television channels are assets of such scarcity and value that there is no need to rush to occupy them or to accept, in their use, anything less than a high standard of performance. If such a standard cannot now be met, for economic or other reasons, it would be better to wait until it can be.

The second and more specific argument against the grant of television channels in areas now served by Canadian stations is that this may result in larger demands on the public treasury for the support of the CBC. We think that this risk is real and should be accepted. In some areas, enough commercial revenues may be available to support a second station without diversion of sponsorship from the existing station. But generally it is probable that the existing station will suffer financially from the presence of a new competitor. Since in most cases where a second licence is likely to be sought, the existing station is one operated by the CBC, this will mean a smaller commercial revenue and thus a larger public net cost for the publicly owned and operated system, unless the CBC can successfully meet the new competition in its commercial activities. If, however, the CBC station competes vigorously, as we believe it should, the losses resulting from the presence of the new station can be reduced and, in time, eliminated. If our suggestions are accepted, private operators who seek and obtain second television licences should be under no illusion that the commercial competition they will face from the CBC in the future will be the same as in the past. We believe the CBC has many functions to perform that are non-commercial, but to the extent that it engages in commercial activities we recommend that it should use any advantages it has as fully and vigorously as possible. A private operator of a second television station cannot validly complain that the competition of the CBC is unfair because it has advantages provided at public expense. The existence of these competitive advantages is a condition under which the private operator accepts his licence. If he is not satisfied with that condition, he should not apply for a licence.

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In the discussion thus far, we have tacitly assumed that the existing television network of CBC and private stations will continue substantially unchanged with the advent of second stations in some areas. It has also been assumed that these second stations will be privately owned and operated. The latter assumption was made because the public demand for a second station and its economic feasibility exist mainly in the six cities where CBC stations are now operating. There is the possibility that a second CBC station in Toronto, for example, would permit a desirable contrast between the two programmes offered and thus afford a real choice to the public. There is also the possibility that the second CBC station would be financially successful and would contribute to the revenues of the public system. But, as a practical matter, we think that the CBC will have quite enough to do to operate the present networks and its own television stations, without the added responsibility of providing programmes for a number of second stations in cities where it is already operating television stations.

However, this does not mean that the existing national television networks and CBC station operations should necessarily be frozen in their present pattern. We anticipate that the first step in abandoning the "single channel" policy will be the grant of possibly five or six licences to private applicants in Montreal, Toronto, Winnipeg, Vancouver and Halifax. A corollary of the proposition that private licences should be granted in places where CBC stations now operate is that CBC licences might be granted in places where private stations now exist. This should be accepted as part of the licencing policy although we think it is unlikely to produce many results in the immediate future. An examination of the list of open channels throughout Canada discloses few places with an existing private station where a second CBC station would seem to be economically justifiable. However, as Canada grows in population and wealth, what is not feasible today may become feasible tomorrow. We have obviously not been able to make provision for any such uncertain expansion of CBC television facilities in our financial forecasts. This does not mean that, if an economically sound plan can be worked out, it should not be considered on its merits and the capital and operating budgets modified accordingly.

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It remains for us to attempt to answer the following three questions:

- (1) When should the "single channel" policy be abandoned?
- (2) To whom should second licences be granted?
- (3) On what terms should second licences be granted?

We recommend that the "single channel" television policy should not be abandoned until, first, the suggested Board of Broadcast Governors has been established and, secondly, until that Board has formulated a set of regulations specifically applicable to the performance and programme content of second television stations which will not be affiliated with the national television networks. To put the recommendation in the reverse order, we think that the applicant for a second licence should know from the outset the conditions under which he must operate. It would be unwise and unfair to grant second television licences on a more or less open basis and afterwards attempt to impose a scale or level of performance which might radically alter the scope of the franchise granted and curtail the value of the licence as a business asset. We think, therefore, that the enactment of regulations (which may be different and more specific for second stations than for those affiliated with the networks) should precede the grant of any second licences.

Decisions as to who should get the licences for second stations are bound to be difficult and unrewarding tasks. These decisions are more difficult and more important than on applications to add stations to the regular networks. Such affiliated stations get a substantial part of their programmes from the network and the portions they supply themselves may be less important and relatively easy to bring up to minimum standards by persuasion and regulation. But few, if any, CBC programmes will, in our proposal, be supplied to second television stations and their whole programme performance will be subject to regulation.

For reasons stated in Chapter IV, we think that the Board of Broadcast Governors should, after full public hearings, make recommendations as to the qualifications of various applicants for second licences and as to the adequacy of such qualifications. But the ultimate responsibility for the grant or refusal of such an important and potentially valuable public franchise must, we think, lie with the Governor in Council as it now does.

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It may be that one clearly preferable applicant will emerge for each of the more attractive alternative television licences. On the other hand, it is possible that, for one or more of them, no completely satisfactory applicant will immediately present himself. If this should happen, we suggest that the Board of Broadcast Governors and the Governor in Council should not hesitate to wait until a suitable and proper applicant does appear; since television is already available in the community concerned, there is not the same urgency.

The third and most difficult question remains. On what terms should second television licences be granted? For reasons given earlier in this chapter, we believe that regulations are needed to define the minimum standards of programme performance required from second stations. These regulations should be an underlying term and condition of these licences and their objective should be to integrate second stations into the single Canadian broadcasting system and to ensure that their programmes are responsive to Canadian needs and adapted to Canadian conditions. Since few if any programmes will be provided to second stations by the CBC, these regulations will probably need to be more elaborate and specific than those applicable to network stations.

We do not feel we should attempt to draft such regulations. This is a task for the Board of Broadcast Governors, after such consultation as it may see fit to seek. But we will attempt to suggest the broad pattern of regulation we hope will be established.

In general terms, we think the regulations should require from a second television station in a community a programme fare that is not substantially poorer than that provided by the station on the national television network. It may be different in detail, perhaps with fewer "spectaculars" and more experimentation in relatively inexpensive programmes. It should probably have a greater content of local and regional programmes. We suggest the regulations should provide that no more time may be devoted to advertising messages than network stations will in future be allowed. They should also require a minimum content of specific items such as news reports, discussion of current events and services to minority groups, (farmers, children, music lovers and so on) — whether or not such programmes are capable of attracting commercial sponsorship. The regulations should define how programmes may be imported by second stations and should stipulate,

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presumably by specifying a maximum percentage, how much time may be devoted to imported programmes. Similarly, it would be desirable to have a requirement of a minimum amount of original programme production using Canadian talent. This could be accomplished in various ways, perhaps by specifying percentages of programme time, perhaps by stipulating a minimum percentage of gross revenues to be devoted to the production of programmes in Canada, using Canadian talent. It should, however, be made clear that several stations may pool their production of Canadian programmes and be reasonably free to broadcast them either "live" or in filmed form.

In developing a set of regulations for second television stations, it may be that our programme analysis can be helpful in defining, in a reasonable and practical way, programme classifications, and percentages of time devoted to various types of programmes. Our hope and purpose is to have regulations for second stations so devised as to avoid a repetition, by non-network television stations, of the kind of experience we have had with some of the non-network radio stations, which have become little more than vehicles for the playing of popular music interspersed with the greatest possible number of advertising announcements. A similar experience in television would be a profligate waste of Canadian resources.

We cannot be sure that it would be economically possible for a second private television station to observe the kind of regulations we suggest. Nor have we any illusions that the making and enforcement of such regulations will be an easy task. We think that this task should be approached in a practical way and that performance standards should not be set deliberately at levels so high that applications for licences will be discouraged. On the other hand, the regulations should not be tailored to the economic conditions that may exist today in order to encourage the use of the remaining channels that might be better used under other economic conditions tomorrow. If the level of performance practically possible under today's conditions is substantially lower than the level determined by the Board of Broadcast Governors to be desirable, Canada would do better to wait for alternative television service.

Chapter X

Broadcasting in the French Language

THROUGHOUT the earlier chapters of this report we have discussed Canadian broadcasting without making any distinction between services rendered in the English and the French language. Although the need for broadcasting in the two main Canadian languages adds to the number of facilities and programmes to be created and thus increases the complexity of the financial problem, the fundamentals of broadcasting are the same in both languages. These are Canadian problems, rather than English-Canadian or French-Canadian problems.

However, we received many interesting briefs at our public hearings and a number of letters and written submissions by mail in which the details of Canadian broadcasting in the French language were discussed. At the risk of some repetition, we propose to include in this chapter a summary of these submissions and some suggestions as to the points raised in these briefs.

The sentiment of French Canada as expressed through the briefs heard publicly by the Commission, or submitted to it for private study, was virtually unanimous in its commendation, with only minor reservations, of the general texture of the programming of the Canadian Broadcasting Corporation in the French language and of what was believed to be the genuine effort of the management of the CBC to respond to the needs of French-speaking Canadians for a distinctive broadcasting fare.

There was universal praise for the generally high standards of quality. Indeed, there were scattered voices, mainly from the Prairie provinces and the odd voice from the Maritimes, holding that certain

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programmes, of which Radio-Collège is the prototype, were perhaps too lofty for the average listener of the outlying linguistic areas of French Canada. It was felt that some programmes would better hold their audiences in those areas if the intellectual pace were slower for a time. On the other hand, and in seeming contradiction with this view, voices from the same outlying areas pointed with satisfaction to the gratifying results that followed the introduction of CBC quality programmes in their environment. Those programmes had enriched the average listener's vocabulary and raised his intellectual level. There was no quarrel therefore with the policy of quality in general, only concern that, in certain specific cases, too quick a pace was set for the outlying French linguistic areas.

The minor reservations voiced in the Province of Quebec were of a different order. They had to do with taste, or morals, or mere distribution of programmes in the daily schedule. Protagonists of good taste made their main butt of wrestling matches on television and of the buffoonery of certain give-away shows. Those whose concern was morals thought that the costumes worn in some television variety shows were too daring for the average Canadian home. There was also some concern over the television programmes presented during the best viewing hours for children, but in this instance apprehension was not felt over the children's programmes presented on the French network itself. There was well-nigh universal acceptance of these children's programmes as entertaining, constructive and indirectly or subtly educational. The criticism was addressed rather to the hard to resist pistol-packing and blood-and-thunder competition sometimes offered by American films showing at the same time on the adjacent English-language channel. The language difference is no great bar to French-speaking children, since the sound of pistols and galloping horses is the same in any language.

In short, the voices heard from French-speaking Canada were almost universally in praise of the programming of the CBC, save for the few and minor qualifications just outlined. It may also be worth noting in passing that no direct criticism was aimed at private radio or television stations broadcasting in the French language. The complementary or parallel role of those stations in the Canadian system was not seriously questioned by anyone and the public service that

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they are rendering at the community level called rather for commendation than disparagement. The stress was almost always, however, on the essential role of the CBC in the Canadian system, and general acceptance of the private stations as an integral part of that system was qualified in several instances with the remark, made in a spirit of tolerance or resignation, that of course it would be unreasonable to expect from private stations, with their need to operate as profitable ventures, the same standards of quality and service that one had a right to expect from the publicly owned branch of the Canadian system.

The general tenor of the briefs submitted by organizations representative of French-speaking Canada is one of contentment with both the public and private operations of the Canadian system in the French language. However, we would give a distorted view of these representations, were we not to report the aspirations and desires, and indeed the many specific pleas for improvement or extension of service, that emerge from the briefs. Some of the requests are relatively easy of fulfillment. Others come up against almost insuperable obstacles of a financial or a technical nature. Finally, some come under the classification of desirable but deferrable.

It was represented to us — with 1951 Federal Census figures in support of the plea — that several numerically important groups of French-speaking Canadians in various parts of Canada are either without any broadcasting service of any kind, or with a service that is so reduced in the matter of time and so poor in point of quality as to be tantamount to no service at all. Dealing with the subject of service, one has to bear in mind, incidentally, that the older medium of sound broadcasting calls for a different approach than the new medium of television because of the barrier of unequal costs and unequal availability of channels that stands between them. This barrier, which creates problems for Canada as a whole, raises even more difficult problems for French-speaking Canada in particular because we have there a problem within a problem.

There are in south-central New Brunswick, in western Nova Scotia and on Cape Breton Island sizable groups of French-speaking Canadians who are completely out of reach of any service at all, whether radio or television, in their language. These French-speaking listeners of the Maritimes are found in rather compact groups. The

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largest are those of Digby and Yarmouth counties in Nova Scotia and those to be found in the area of St. John and Fredericton in New Brunswick. To the latter will soon be added several thousands that are expected to congregate at Oromocto and in and around the military camp at Gagetown, east of Fredericton, when the camp is completed. Fortunately, the size and compactness of all those Maritime groups and the moderate distance that separates them from the CBC French network station at Moncton, N.B., make it possible to serve them at low capital and operational costs with one or two 250-watt relay stations and with at most a half-dozen very cheap low-power relay transmitters. The CBC should make an early study of the ways and means of bringing its French-language radio service to the compact French listener groups of the Maritimes who are presently beyond reach of that service.

Another forceful and almost universal request formulated in the Maritime French-language briefs was for a television station linked to the French network and the consensus pointed to Moncton, N.B., as the most favoured spot for that station. Coming from a geographical area of Canada where Canadians of French speech bulk so large — reaching 38 per cent in the case of New Brunswick — the request does not seem unreasonable. A study of the matter should be made at an early date.

In the Province of Ontario, a new and rather gratifying phenomenon of Canadian life was discovered by the Commission. It is the growing acceptance, at least by the more alert and reflective elements of the community, of the French language as a leaven of cultural growth for the whole of Canadian life. From several English-speaking sources came the request that a way be found to bring the French radio network service to Toronto — where the slow influx of French-speaking Canadians is a post-war phenomenon that has passed quite unnoticed by the rest of the country. The Federal Census of 1951 gives the French-speaking population of the Toronto-Hamilton area as 62,000, of whom 41,000 alone reside in York County. Farther west are found the ancient settlement of 35,000 in Essex County and the 14,000 scattered in Kent, Lambton and Middlesex. Numerically much greater French-speaking agglomerations are found, as is well known, in eastern Ontario, but those populations are adequately served from Ottawa and Montreal.

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The normal array of arguments invoking public service needs was set forth in the various briefs heard on the subject, but a distinctive and rather cogent plea, looking at it strictly from the English side of the public service, was made by the Ontario Modern Language Teachers' Association, when it wrote in its brief:

The French language occupies an important position on the curriculum of all secondary schools in the Province of Ontario. Its prominent place on the high school programme was likely due at one time to the proximity of this province to the Province of Quebec. As time went on, however, the study of French proved itself as an effective academic discipline to the extent that it has all but taken over the position once held by Latin. An estimated 80 per cent of the students proceeding to university elect French as the language to be studied in their final year in the secondary school. . . We do realize that so much of the teachers' time is required for the formal academic study of the French language that insufficient attention is often given to making certain that each of the thirty-five or forty pupils in each class attains a satisfactory fluency in speaking French. Nevertheless, those students who, after completing the French courses in our high schools, find themselves in a French environment, develop very quickly a fluency equal to the needs of ordinary communication. An opportunity to hear French-language broadcasts of a popular nature would stimulate greatly the students' interest in the spoken language and would be only slightly less effective than an extended visit among French people.

Many of our more successful students are bound to be disappointed when they go among French-speaking people because of the simple and obvious fact that their ears are accustomed to only one French voice—that of their teacher. This disability would be largely overcome if they were able to hear daily other voices speaking of subjects that interested them. One can easily imagine with what alacrity teachers would turn to such broadcasts for subjects of classroom conversation in French.

The enthusiasm with which students speak of French programmes which they have heard by radio or in the cinema seems to indicate that such broadcasts would enjoy a large and receptive audience particularly in the urban centres.

Canada has travelled a long way over the course of one generation — and at a particularly rapid pace since the Second World War — on the road that leads to the complete English-French reciprocal tolerance and mutual understanding in all parts of the country that now characterize the ancient settlements where English and French have been rubbing shoulders for generations.

In this respect, the Commission is pleased to report a significant experience. Briefs in French were submitted to the Commission and

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there was questioning in the French language in the majority of the provinces without anyone in the audiences seeming to think this strange or incongruous. This, we think, is very revealing of the pronounced evolution of public sentiment in Canada over the last generation. It remains a moot question, however, whether Canada has yet reached the stage of complete national maturity where the introduction of French on the airwaves of Ontario — not to mention points as far distant as the Vancouver-Victoria area where some 34,000 French-speaking Canadians are gathered — would not be regarded by a substantial majority as an intolerable intrusion rather than the cultural complement that in truth it would be. And yet we may owe it to Canada to test the core of resistance. National leadership is a failure when it remains blind or inert before wholesome underlying trends that are precisely in need only of enlightened or courageous leadership to come to the surface. Hence any new departure that holds before us the vision of deeper spiritual harmony among Canadians of the two main cultural groups is one that all earnest citizens should studiously examine.

Unhappily, many obstacles, financial and technical — mostly the former — thwart the extension of French-language radio service to the Toronto-Hamilton area and south-westward to Windsor. The obstacles are not insuperable, yet they are of such a magnitude as to cause one to halt for serious reflection. Desirable frequencies are all occupied and suitable ones could be secured only with difficulty, unless, as for instance in Toronto, the CBC should turn to wider use the frequency occupied by its basic Dominion network station. Cheap low-power and short radius relay transmitters, which render such acceptable service in small communities, are of limited efficacy in large urban centres because of the magnitude of local electrical interference. In spite of the shortcomings of low-power relay transmitters when set up in large agglomerations, they might nevertheless be the most workable answer to the problem, provided that a few of them be so judiciously located as to blanket a desired area with their signal. However that may be, the extension to chosen centres of southern and western Ontario — possibly as small-scale experiments at first — of the national French-language radio network, whose line of communication from Montreal to Winnipeg and Edmonton presently runs through northern Ontario above Lake Superior, is a project worthy of serious

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study and no effort of ingenuity should be spared to find, within reasonable financial limits, a workable technical arrangement. The result may well be the building of the best possible instrument to achieve complete spiritual harmony and indissoluble national unity in Canada within the life of this generation.

In the Prairie provinces, radio service in the French language is quite satisfactory. It is furnished by four private stations (CKSB St. Boniface, Man.; CFRG Gravelbourg, Sask.; CFNS Saskatoon, Sask., and CHFA Edmonton, Alta.) linked for a quarter to half of the time with the CBC French-language network. Although privately owned, those four radio stations are not commercial ventures but public service stations in the true sense of the word. All were launched with private donations from the three Prairie provinces and the Province of Quebec and they represent a capital investment variously given as \$750,000 to \$1,000,000. The capital subscriptions are outright donations to non-profit organizations, current operations oscillate between black and red, mostly red, and operating conditions do not permit provision for depreciation. Their continued existence is a story of daily devotion and sacrifice on the part of management and staff.

Aided by the CBC connection, the four Prairie French-language radio stations are enabled to serve to their audiences an acceptable variety of local and network fare. Even more, there is some evidence that those stations reach out, without any striving on their part, for listeners far beyond their normal audience range of French-speaking Canadians. Operators of those stations gave the Commission their reasons to believe — although no methodical check was made — that at certain hours of the day they go so far as to double the numbers of their natural constituency because of the appealing quality of their musical programmes. Some of them also render another form of public service in providing yet unassimilated New Canadians with programmes in their native tongue. Professor Duncan, of the University of Manitoba, was reported to the Commission as writing in the *Winnipeg Tribune*: "I am not impressed with the performance of private radio stations except CKSB," the French-language station of St. Boniface. Somewhat along the same trend of thought, the brief of the General Faculty Council of United College, University of Manitoba, presented by Professor J. H. S. Reid and Professor K. W. McNaught, suggested that listeners on the English-language network be given the

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advantage of hearing some of the quality presentations of the French-language network. It is doubtful, as we have said earlier, that the majority of Canadian listeners are ready for a departure such as suggested in the United College brief, but it is nevertheless gratifying that mature voices were heard in Winnipeg as well as in Toronto in favour of a broader cultural base for our national service.

Although the four privately owned French-language stations of three Prairie provinces manage to give adequate public service with limited means, spokesmen for those stations have expressed misgivings regarding the future. They are uneasily aware that their shaky resources do not permit them to allow for depreciation, hence the slow undermining of their financial structures, while two other factors have come to weaken their position: first, the setting up of other radio stations in their area, the advertisement dollar thus being split further, and, secondly, the rise of television with the accompanying effect of drawing listeners away from radio, the value of radio as an advertising medium being thereby reduced. Looking to the next five years, it is reasonable therefore not to bank too much on the ability of the four Prairie private radio stations affiliated to the CBC French-language network to continue to carry on to the extent that they have heretofore.

The situation does not pose an immediate problem, but no far-seeing national broadcasting survey can ignore that a latent problem exists there, nor that it may abruptly loom large, and that French-language private stations whose strict motivation is not profit but public service should not be allowed to fail. The matter needs no attention for the present and may conveniently be shelved, but it should always be borne in mind that it may come in sharp focus at a most unexpected moment and that it will then become necessary to react promptly and positively.

The question of some reserved time for television programmes in the French language on CBC stations in the West, i.e. Winnipeg, and of radio and television programmes in the Vancouver area, was raised persistently by the sponsors of the various briefs heard in the Prairies, aided by the spokesmen of national French-speaking organizations with headquarters in the Province of Quebec.

The CBC television station in Winnipeg, CBWT, devotes two consecutive hours on Sunday afternoons to French-language programmes, mostly ancient feature films. The consensus of the pleas

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heard by the Commission is that one hour a day would be more equitable under the "single channel" policy, and that, were a two channel or multiple channel policy to be adopted, two hours a day spread over the afternoon and the evening in manageable segments would be a reasonable time allocation. In Vancouver, no time whatever is reserved for French-language programming by the CBC stations, whether radio or television. The request is for a half-hour daily on television and some four or five hours a week on radio, the latter devoted in part to two daily news bulletins in French, with the balance broken up into suitable time segments in the afternoon and the evening.

Unhappily, requests for a time extension of French-language television service in Winnipeg and for the inauguration in Vancouver of a radio and television service very limited in time, run up not only against a number of technical difficulties — not insurmountable in fact — but against the averseness of the Canadian public for bilingual stations which are said in final analysis to serve no one adequately. This averseness, however, is perhaps not as profound as some would picture it, nor as irreducible, given patient and skilful handling, as some might fear. For the optimistic view, one need only point to the fact that of the 25 stations of the French-language radio network, eight at least reserve a portion of their time all year round — and a total of a dozen or more stations do so during some months of the year, namely the tourist season — for English-language news bulletins in areas where a very small English-language population would otherwise be served poorly or not at all. On the other side, there is the example of the English-language television station at Timmins, Ont., devoting 15 per cent of its broadcasting time to programmes in the French language without encountering more than the natural yearning of all viewers for full-time broadcasting in one's particular language. The television station to be erected in the Rouyn-Noranda area of Quebec has agreed to broadcast at least 60 per cent of the time in French and expects to operate as a profitable venture while doing so. There are also other examples of bilingual radio stations operating successfully and without serious recrimination in the linguistic borderline mining areas of northwestern Quebec and northeastern Ontario.

In brief, one may conclude that any unfavorable reaction to duality of language on a given radio or television station — and this has been observed among both English and French listeners — springs

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possibly not so much from principle or prejudice as from a very human desire to be served at all hours of the broadcasting schedule in the language of one's choice. Hence the reluctance to share the available time which by many, in the case of television, is judged already as too short. This reluctance to share time may be much more easily overcome should the "single channel" television policy be abandoned.

It is not an unreasonable conclusion, therefore, that if duality of language is to be avoided, wherever possible, on radio and television, it is not necessarily to be ruled completely out of consideration where there is a compelling reason to do otherwise — and national public service to sizeable groups of the population is such a reason. Thus does it seem advisable to this Commission that the CBC contrive to bring more and better television programming to the French-speaking citizens of the Winnipeg area, and that the radio and television situation in Vancouver, although less pressing, be looked into eventually with the object in view of bringing news bulletins and a skeleton service. All of this is subject, of course, to technical and financial limitations which are particularly rigid in the case of the new medium of television. Whatever the difficulties may be, there is no denying that should the country travel even only a short distance in the direction that we have traced, Canadians would find themselves in fact a long way on the road leading to complete spiritual harmony and national unity.

Chapter XI

Finances

WE COME now to the question of CBC finances which is, in many ways, the main objective and culminating point of this whole inquiry. It was clearly intended in our appointment that it should be so; five of the six specific headings in our terms of reference deal directly with matters of finance. This same emphasis, however, was not fully reflected in the evidence submitted to us at our public hearings across Canada. On the surface at least, we got little help on these major problems of finance from the witnesses who appeared before us. There were some supporters of the CBC who argued that it should have an adequate and assured income. Some of its critics viewed its mounting costs with genuine alarm. There were random comments about the need of economy and efficiency, and a nearly universal opposition to providing the money needed by the CBC by re-imposing licence fees on receiving sets. But beyond these general comments, there was little direct evidence on financial questions even from some of the experienced and influential business organizations that appeared before us.

Perhaps it was unrealistic for us to expect much direct evidence on these complicated financial matters at our public hearings. Perhaps had it been possible to get specific and detailed solutions from individuals and organizations throughout Canada, it would have been unnecessary to appoint a royal commission to make elaborate financial studies taking many months and costing many thousands of dollars. Perhaps, too, the basic evidence was really given in our hearings and has been readily available for years to anyone who chose to look for it.

What is it the Canadian people want from their broadcasting system? What is it they are trying to buy? The answer has been

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a simple theme, played with few variations and an astonishing amount of repetition over the last thirty years. Whenever a group of diverse and disinterested Canadians have undertaken to study the problems of our broadcasting system they have come up with the same basic answers. It does not seem to have mattered whether they spoke French or English as their mother tongue, whether they were engineers or bankers or university professors or politicians, whether their studies were conducted in the austerity of a royal commission's hearings or the heat and turmoil of a parliamentary committee — the answer for thirty years, and without exception, has been the same.

Here are some of the voices that have spoken:

1929
Sir John Aird

"There, however, has been unanimity on one fundamental question — Canadian radio listeners want Canadian broadcasting... these interests (of the listening public and of the nation) can be adequately served only by some form of public ownership, operation and control behind which is the national power and prestige of the whole public of the Dominion of Canada."

1932
Sir John Aird

"It seemed plain in 1929, it is plainer still in 1932, that an adequate national broadcasting service in this country will need more revenue than private enterprise can raise from operating broadcasting stations for gain."

Feb. 16, 1932
Rt. Hon. R. B. Bennett

"Canadians have the right to a system of broadcasting from Canadian sources equal in all respects to that of any other country."

May 16, 1932
Rt. Hon. R. B. Bennett

"First of all, this country must be assured of complete Canadian control of broadcasting from Canadian sources, free from foreign interference or influence."

May 16, 1932
Rt. Hon. Ernest Lapointe

"I just wish to endorse the views expressed by my right honourable friend the Prime Minister..."

May 16, 1932
Mr. J. S. Woodsworth

"I should just like to associate myself with the last speaker (Mr. Lapointe) in congratulating the Prime Minister..."

1934 Parliamentary
Committee

"... it has been made apparent to your committee that the establishing of national broadcasting in Canada presents many difficulties, for the correction of which time, experience and large expenditure of public money will be necessary."

June 15, 1936
Rt. Hon. C. D. Howe

"Radio broadcasting in Canada has been studied by one Royal Commission and three parliamentary Committees and these four reports agree on the broad principles that must govern us..."

1938 Parliamentary Committee	"...your Committee wishes to express its belief that the broadcasting system emerging in Canada is, and can increasingly be, an important factor in creating a sense of national unity..."
1939 Parliamentary Committee	"...Canada is in the happy position of having at her disposal a wide variety of material both from outside and inside the country. The Corporation's policy and practice appear to take advantage of this situation, while giving the maximum encouragement to Canadian talent."
1942 Parliamentary Committee	"The Corporation's aim must be not only to select the best programs available from other countries but also to broadcast the highest quality of programs the Canadian people can produce."
1944 Parliamentary Committee	"May your Committee point out that ever since 1928, every parliament, every political party, every parliamentary committee inquiring into the question has been in favour of a system similar to the one we now have." "The Canadian Broadcasting Corporation should keep up to date and be prepared to make effective any advances in modern radio. To meet this need your Corporation should have appropriated by Parliament to its use for these specific and other purposes sufficient moneys to meet their needs..."
1946 Parliamentary Committee	"Without any general review of the numerous declarations approving from time to time the said principles... of a nationally owned and operated radio system... your committee desires to reaffirm its belief in them and to express complete confidence in the frame work provided by the said Canadian Broadcasting Act."
March 28, 1949 Hon. J. J. McCann	"In making plans for television, the Government has been primarily concerned to provide that Canadians in various parts of Canada will have the opportunity to receive Canadian programmes."
1950 Parliamentary Committee	"Such a system linking together Canadians in all parts of the country and broadcasting a large volume of material produced by Canadians is of great importance to the people of Canada as a whole... It is obviously in the national interest that television in Canada should be essentially Canadian... and that it carry in large proportion Canadian material, produced by Canadians... Such a development will undoubtedly be more expensive..." "(Your Committee) does see the need for the establishment of some proper and adequate system of financing Canadian television development in the general national interest."

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1951 Massey
Commission

"...the existence of the nationally-controlled system of broadcasting was acknowledged as the only means whereby Canadian radio could have maintained a Canadian character." (P. 28)

"If we in Canada are to have a more plentiful and better cultural fare, we must pay for it." (P. 272)

1951 Parliamentary
Committee

"...the national broadcasting service carried on by the Canadian Broadcasting Corporation is essential in the development of our national life in Canada. . . Your committee is strongly impressed with the vital need for the development of a television system that is essentially Canadian and which gives expression. . . to Canadian ideas and aspirations."

Dec. 8, 1952
Hon. J. J. McCann

"The Government believes (television) should be so developed in Canada that it is capable of providing a sensible pattern of programming for Canadian homes with at least a good portion of Canadian content reflecting Canadian ideas and creative abilities of our own people and life in all parts of Canada."

1953 Parliamentary
Committee

"Your committee is aware that production of adequate television programs in Canada is not easy from an economic point of view. It is also aware that the distribution nationally of such programs in this country is costly."

"While (television) should naturally make available to Canadians suitable programs from outside Canada, it must in our national interest have a basis of programs produced by Canadians for Canadians."

1955 Parliamentary
Committee

"Your Committee is mindful of the importance of television. It undoubtedly has a strong influence on people throughout the country, being a valuable medium for the promotion of national unity, and a source of education and entertainment. The evidence produced to your Committee confirms its views, however, that television is a costly and complicated medium of communication."

This rather long list, which is far from complete, seems to repeat two ideas clearly and without qualification: Canadians want Canadian broadcasting and they expect to have to pay for it.

One of the last-quoted statements — that of the Parliamentary Committee of 1953 — must be one of the great understatements of modern Canadian history. Experience has proved beyond doubt that the production and distribution of television programmes in Canada

"is not easy from an economic point of view." And it is going to get harder, rather than easier, in the years ahead. We see no escape either from the size of the present Canadian broadcasting bill or from the conviction that it should continue to increase for several years to come. In the current fiscal year, the net operating expenditure (after deducting commercial revenue) for CBC television and radio combined will be over \$38 million. If our estimates are correct, the net cost in 1963 of operating a *minimum* broadcasting service to achieve the stated national objectives of Canadian broadcasting policy, will be nearly \$74 million.

These are very large sums. But to some extent at least, the attitude towards them depends on the point of view. To some, annual payments of this magnitude may remain staggering and impossible — the preservation of a distinctively Canadian broadcasting system is not, in their calculus of values, worth any such price. Some few, who are at heart social philosophers, may be able to adopt the attitude of Mr. Justice Holmes when he said "I like paying taxes — with taxes, I buy civilization"; and they may conclude that the taxes that go to pay for broadcasting services follow a peculiarly direct path to the market-place where humanizing and civilizing merchandise is offered for sale. Most of us, perhaps, may look upon these expenditures as a cooperative purchase of a daily service that we, as Canadians, want to buy; and we may be willing to set it beside the cost of other goods and services we jointly choose to buy, and try to measure what, in these enormous sums, we individually get and what we individually pay.

The current year's expenditure of over \$38 million is made up approximately of \$25.5 million for the net cost of television services and \$12.5 million for radio services. This means that each household equipped with a television set will pay, on the average, $3\frac{1}{3}$ cents per day, and each radio-equipped household $\frac{9}{10}$ of a cent per day. This, to a smoker, is almost the exact equivalent of the retail price of two cigarettes per day for each television household, and the price of one cigarette every two days for each radio household. Other comparisons suggest themselves, not in any sense as alternative choices for the taxpayer's expenditure, but as possible yardsticks by which an individual can measure his own share of public expenditures on broadcasting. If he is interested in news and public events, he may be impressed by the fact that the average cost of broadcasting to his household is

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almost exactly the same as the cost of a daily newspaper. If every householder who owns a television set in Canada takes his wife to a first run movie once every seven weeks throughout the year, the total expenditure on admission prices will equal net CBC expenditures on the television service.

Another method of weighing the cost of a widely used service is to look at the relation between the operating cost and the original capital investment. A man who buys a motor car for \$3,000 and drives it 15,000 miles in a year pays over \$300 for the gasoline required (apart from all other costs such as repairs, insurance and depreciation). This is over 10 per cent on the original investment. According to Dominion Bureau of Statistics figures, the Canadian people have chosen to invest a total of over \$850 million in the purchase of television receiving sets. Some of these, perhaps, were purchased to view American programmes, but most were bought with the intention of receiving Canadian programmes at least some of the time and, for over half of them, all the time. Under no compulsion, the Canadian people apparently decided to invest \$850 million in their television sets. They are this year, collectively, paying out a little over \$25 million in public money to put pictures on their television screens. This is about 3 per cent on the original investment, and we find it difficult to feel that this is an unreasonable annual rate.

One other yardstick for measuring our present and prospective public costs for the broadcasting service might be mentioned. It sometimes happens that the value we attach to something that is easily available is quite different from what we are prepared to pay for it if it is difficult to get. There are a number of places in Canada and the United States where, for a variety of reasons, it is impossible to receive reliable and satisfactory television signals. In many of these places, these difficulties have been overcome by the installation of community antenna systems. These systems pick up television signals by antennae placed on high hills or mountains and transmit the signals to the television sets of subscribers by coaxial cables. The general practice, in such systems, is for each subscriber to own his own receiving set and to pay an initial charge to have it connected to the coaxial cable and a monthly rental charge for the use of the system. Typical charges, we were told, are \$100 to \$125 for a connection to the system and \$4 to \$7 per month rental. Apparently some thousands

of Canadians and tens of thousands of Americans place a value on television service, which they would not otherwise have been able to obtain, between three and six times what individual Canadian households are paying, on the average, today, through their public broadcasting system.

These comments on the size of our broadcasting bill are not made in order to minimize it or to suggest that Canada does not have to consider very carefully if expenditures of this magnitude are justified. They are only put forward in the hope that they will give a sense of proportion to the consideration that must be given to this problem. There are many voices readily available to raise a protest against the waste and unwisdom of any large public expenditure, and indeed we were ourselves startled when the financial picture of the CBC was first disclosed to us. We found it salutary to take a general view of the problem, and to relate these large sums to other services and activities in which the Canadian people have, in a tangible way, shown their interest. And then we took a good hard look at the details of CBC finances.

Financial Studies

We did not see how we could ourselves make the necessary detailed study of the present and future financial requirements of the CBC, nor indeed did we feel competent to do so. We needed, and obtained, expert professional help.

We were fortunate in getting, as our financial adviser, Mr. Guy E. Hoult, senior member of the Canadian accounting firm of P. S. Ross & Sons. Mr. Hoult and his partner, Mr. G. Meredith Smith, have been engaged almost continuously since February 1956 in a detailed examination of the financial affairs, accounting methods and prospective needs of the CBC, and, to a lesser extent, in a study of the financial records of the private broadcasters. During the year, they have been assisted by other partners and members of their staff as required. Their report, in greatly summarized form, is printed as Appendix XII to this report.

We will not cover in the same detail the ground our financial adviser has already covered in Appendix XII. We will attempt to pick out some of the salient features of Mr. Hoult's report for emphasis, to give a brief description of what it contains and to state what we are

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recommending both as to the amount of public financial support on operating and capital accounts for the CBC and as to how such public moneys might be provided.

However, a reading of this chapter and of Appendix XII will not give an adequate picture of the activities of the Commission and of its staff on financial problems. We received a number of lengthy reports throughout the year from our financial adviser. Some of these gave us useful background information; others dealt with confidential information concerning both the CBC and the affairs of the private broadcasters which we felt there was no need to disclose except in composite form. During the inquiry we were in close contact with our financial adviser and he, together with his associates, was for several months in daily touch with the General Manager and other senior officials of the CBC. He has spoken in his report of the excellent co-operation given by the officials of the CBC and we, from our own contacts with them, can confirm that they could not have been more helpful or cooperative.

In the course of the financial studies, many items relating to accounting and administrative details were dealt with as the inquiry proceeded. Some of these were reported to us and discussed; others were simply disposed of, as being obviously necessary or desirable, by our financial adviser directly with the appropriate officials of the CBC. A number of changes and improvements in financial procedures have already taken place. No doubt, most of these are individually of minor importance but collectively they may be significant. Some of them are dealt with in Mr. Hoult's report in Appendix XII, in the section containing his comments and suggestions as to accounting, financial, administration and related matters for consideration and action by the Canadian Broadcasting Corporation. We do not intend to discuss them further except to point out that we endorse them and urge that they be implemented.

The increasingly serious financial problems of the CBC are due almost entirely to the rapidly mounting cost of carrying out the policy, approved by Parliament, of establishing a Canadian television service without financial provisions that bear any real relationship to the needs of the service.

When plans were made for the development of a national television system, with CBC stations and production centres across the country and affiliated private stations to provide national coverage,

the CBC estimated it could operate this television service at a net public cost of \$15 per television home per year. For this annual total, it expected to be able to operate its own stations, develop a programme service and distribute it to public and private stations with a coverage of about 75 per cent of the Canadian population. The Massey Commission, which developed television proposals for consideration by Parliament, had suggested that capital costs for television facilities should be provided by parliamentary grants and that current operating costs should be provided by licence fees on receiving sets and by such statutory grants as might be necessary. As it turned out, Parliament did not follow either of these suggestions for the provision of the capital or operating needs of the CBC for television. Such capital payments as were made by the public treasury, took the form of loans, not grants; and instead of a licence fee on television receiving sets, Parliament in effect provided that the proceeds of the 15 per cent excise tax on the factory price of radio and television receivers and parts should be turned over to the CBC.

We will discuss both capital and operating costs in greater detail later but can now make the general statement that these financial provisions did not provide an assured basis for financing either the capital or operating costs and did not facilitate the adequate control and management of the Corporation's expenditures. The CBC's early estimate of \$15 per television home per year has, in fact, come very close to the sums required for operating the national television service. But the yield from the excise tax bore no relationship to that estimated amount. In the early years, when the number of television sets was growing rapidly and CBC television services had not fully developed, the excise tax on sets yielded more than was currently required. The tax was, of course, only imposed once on each set, at the time of factory sale, and as the market for television sets became partially satisfied the yield of the excise tax failed to keep pace with the costs of the expanding service. There was no reason why it should, as a tax of 15 per cent on the factory price of new television and radio sets and parts has no relationship to the cost of supplying service not only to these new sets but also to all sets that had previously been put into operation.

Is the CBC efficient? Does it waste public money? The answers, in the financial circumstances that have existed, cannot be

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a simple yes or no. Our studies show that the CBC has accomplished much in a short time. In general, it has produced programmes of comparable quality at substantially lower costs than similar programmes in the United States. We found no examples of careless waste and certainly nothing that even remotely resembled fraud, neglect or mishandling in the administration of CBC finances. On the other hand, we cannot say that everything is right with the present financial situation of the CBC.

If any ordinary commercial company in Canada had, in four years, expanded its rate of operations from a level of \$11.5 million to over \$44 million per year, it would probably also have experienced some staff and administrative problems and its organization would have had difficulty in keeping pace with such a rapid growth. Also, without any long-term plan for the provision of capital requirements, as we have noted in Chapter VII, the acquisition of physical facilities and equipment has been on a patchwork basis and a number of operating costs (of which the bill for transportation of scenery is an example) have been thereby increased. But the greatest financial weakness of the CBC has been the lack of an assured and definite basis of current financing. In the early years when the excise tax exceeded current needs, there were surpluses and it may well be that the pace of expansion tended to be unduly increased and the incentives for cautious economy were few. In later years, when the costs of the service were greater than the yield of the excise tax, earlier surpluses were eaten into, temporary grants became necessary and there was no assurance that adequate forward operating plans could be carried out. We think it is essential that the CBC have its duties accurately defined, that it be provided with an adequate but not excessive income over a term of years to enable it to discharge those duties, and that it then be required to manage its affairs so as to live within that income. This is the central and essential basis of our financial recommendations.

The original plan which called for expenditures on the television service at the rate of \$15 per television home per year may have been the only practical way to estimate costs at the outset. However, it has continued to be the basis, or at least the main guiding factor, in determining the spending rate of the CBC. An estimate of the number of Canadian homes equipped with television sets, multiplied by \$15,

plus estimated commercial revenues has determined the total budget for television operations submitted to the Board of Governors for approval. For a system in fairly complete operation, this is not a budget at all since it is not related to necessary or desirable expenditures. It really amounts to no more than a decision (which, if the money is provided, Parliament approves) to spend on television a certain amount of money on a sliding scale dependent on the number of Canadian homes equipped with television sets. It is only a very rough way of relating the scale of service provided to the number of people served. If, in the Ottawa area, the number of television sets were doubled tomorrow, it would obviously not cost the CBC twice as much to operate its stations in Ottawa. With more money available, the CBC might decide to increase its service but that should not necessarily be measured by the number of new sets multiplied by \$15. On the other hand, to bring service to a group of ten thousand new homes in a remote area may cost more than \$150,000 in annual operating costs.

We thought we should try to work out a budget based on actual experience of costs and production methods and on direct estimates of the costs of future expansion or developments that seem desirable. For example, we did not think that the increase in the number of hours of television broadcasting in the day should depend on the number of new television homes that may be added in any year; nor did we feel that the cost of extending the television coverage to another 10 or 12 per cent of the population should be based on providing an additional \$1.50 per television household throughout Canada, but rather on the estimated cost of the actual extension of coverage contemplated. In a word, we wanted to have a budget for the CBC based on a definition of the service to be provided and, using past experience as a guide, an assessment of the costs of that service. We thought moreover we should try to project costs for as far ahead as possible so that Parliament and the Canadian people would have as much information as possible as to what probably lies ahead, and also so that a long-term plan can be made by the CBC with some assurance, if our recommendations are accepted, that it can be carried out.

We first asked our financial adviser to obtain information from the CBC as to present and future costs for both radio and television based on a number of specific assumptions. This information, together

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with estimates of future commercial revenues, was then to be used to forecast operating requirements and capital expenditure over the ten year period from April 1, 1956, to March 31, 1966. Without describing in detail the various assumptions we laid down, these forecasts were to be based, first, on the actual expenditure in the year ended March 31, 1956, adjusted to the level of operations and expenditure in the last quarter of that fiscal year (during which the scope of television service was rapidly rising) and giving consideration to the factor of reduced activity in the summer months and, secondly, on what the operating officials of the CBC (checked wherever possible from other sources) considered to be necessary for reasonably adequate and desirable service during the next ten years. In other words, these forecasts started from actual current costs and, within the inescapable errors of any such forecasts, attempted to determine what further services would be desirable, and probably desired by the Canadian people, during the ten-year period.

These ten-year forecasts were prepared in great detail and reviewed by the Commission with our financial adviser and, on certain items, directly with senior officials of the CBC. We found, first, that the projections for the last few years of the period were necessarily vague in a business where rapid technological and other changes were taking place. Secondly, the overall totals in these forecasts were beyond what we were prepared to recommend that the Canadian people should undertake.

Accordingly, we asked our financial adviser to revise all his calculations on the basis of somewhat modified assumptions. We asked, for example, that only essential expenditures should be retained in the estimates and that developments which were considered desirable but not essential should be deleted. We suggested that the rate of extension of hours of television service should be materially cut down, and that it should be assumed that private operators would undertake a substantial part of coverage extension. We also asked that income estimates take into account greater vigour by the CBC in commercial activities and the acceptance of local and spot advertising on CBC radio stations, as described in Chapter VII. These revised forecasts were to cover a shorter period, up to March 31, 1963 rather than 1966. We knew that the current fiscal year, ending March 31, 1957, would be almost over before our report could be presented. We also knew that interim

provision would probably have to be made for the next year, ending March 31, 1958, before our report could be considered. We thought we should try to cover at least a five or six year period in the forecasts. This brought us to March 31, 1963.

We then reviewed the revised forecasts covering a six-year period and are prepared to accept them as being as accurate as it is possible to make such estimates of future expenditure and income, and as the minimum required to provide an acceptable Canadian radio and television service. We have carefully studied the various elements of service appearing in the forecast, one by one, and we think the Canadian people are likely to want each one of these elements and to make fairly vigorous and effective demands for their inclusion in the national broadcasting service. This, within the limits of accuracy of all such forecasts, is what we think the net bill, in constant 1956 dollars, is going to be for the kind of broadcasting service we think the great majority of Canadians want and should have.

There could of course be a broadcasting service, of a sort, provided at a lower cost. We might suggest that Canada should do without colour television. We could say that the present 80 per cent population coverage is all we can manage and no new television stations, public or private, should be added to the networks. We could refuse to extend the hours of operation and even perhaps cut back on the hours of service now provided. We might choose to have less Canadian production and import more American programmes. All these steps would lower the totals for both operating and capital costs. They would also, we think, reduce the national broadcasting service below a minimum level acceptable to the Canadian people.

The original ten-year forecast was not extravagant or based on a lavish scale of future operation. Each item in it could have been defended as being desirable and similar to elements that are found in the American television system. The revised six-year forecasts, after the changes we requested had all been made, showed a reduction of approximately 25 per cent in the original estimates of public expenditures for television services in the last year of the forecast (with intervening years varying proportionately). For radio, the difference amounted to approximately 10 per cent of the original estimates. The reasons for the smaller reduction in radio are obvious. It is an older

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and more fully established medium and its revenues are being seriously threatened by television. We think that these reductions, of 25 and 10 per cent respectively, go as far in restraining the expansion of national broadcasting service as it is safe to go. We recommend that Parliament should make provision for the operating and capital sums outlined in these six-year estimates.

The Year ending March 31, 1957

The fiscal year 1956-57 will be nearly over by the time our report is submitted. Accordingly, arrangements for financing the CBC, while our inquiry was in progress, had to be made by the Government and approved by Parliament.

It now appears that the turning point for CBC finances, under present arrangements for giving it public support, came a few months before this Commission was appointed. Some time in the early fall of 1955, the rising trend-line of operating expenditures, pushed upward by the rapid expansion of television services, crossed the almost horizontal trend-line of revenue including the receipts from the excise tax and other government grants. The CBC moved from a surplus to a deficit position on current account about half-way through the fiscal year ending March 31, 1956. In that year, CBC accounts showed deficits on both television and radio services which together totalled \$1,359,000.

In previous years, financial provisions made for the CBC had more than met current operating requirements and a considerable surplus was accumulated. On March 31, 1956, this surplus totalled over \$13 million and working capital amounted to nearly \$21 million. During the fiscal year ending March 31, 1957, it was felt by the Government that about \$7 million could be safely withdrawn from surplus and applied to assist in current operations. In addition, a special grant of \$12 million for the support of the television service was made by Parliament. On capital account, expenditures totalling over \$6.5 million were authorized, and capital and interest repayments on government loans came to over \$1 million.

As this report is being written, estimates for the fiscal year ending March 31, 1958, are being prepared for submission to

Parliament. It seems clear that some provision will have to be made to continue financial support of the CBC until such time as our report can be considered and a decision reached as to its implementation. In the estimates tabled by the Minister of Finance in the House of Commons on January 22, 1957, provision was made for continuation of the grant of \$6.25 million for the radio services which has been paid for the past six years. The special grant of \$12 million made for the first time in the current year was repeated, and the yield from the excise tax on sets was estimated to be \$16 million, which is down \$4.5 million from the expected yield in the current fiscal year. These provisions will not meet our estimates of CBC requirements for the fiscal year beginning April 1, 1957, and, if these are to be provided, some transitional arrangements will have to be made during the year to supplement the amounts in the estimates for 1957-58. Accordingly, in the following discussion of CBC requirements on operating and capital accounts, we deal with the six-year period beginning on April 1, 1957, and ending on March 31, 1963. In a later section, when we suggest methods of providing these public funds, we assume that interim transitional arrangements will be made for the first fiscal year and our proposals will apply to the five-year period from April 1, 1958, to March 31, 1963.

Operating Expenditures, 1957-1963

There is clearly much room for differences of opinion as to what constitutes an adequate national broadcasting service. If forecasts are to be made, certain assumptions must also be made. We think that Canada's national broadcasting service should have balanced programme schedules in both English and French designed to serve a variety of minority as well as majority tastes of the Canadian people. We think the combination of public and private ownership should continue under the control and supervision of a board responsible to Parliament. We think that commercial revenues from broadcasting should continue to be sought by the CBC, with even more vigour than in the past, and that public funds should also be provided for both operating and capital requirements. Our financial forecasts were based on these assumptions and many other specific assumptions

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described in earlier chapters. Others may make other assumptions as to the basic nature and the details of a desirable broadcasting system for Canada. If they do, and the differences are substantial, their financial forecasts will also be substantially different from ours. We should only caution against an attempt to amend our financial forecasts by deleting the estimated costs of specific items; if changes of substance are to be made, an extensive reworking of the financial forecasts will be necessary.

The following tables show in summarized form the estimated cash requirements of the CBC in constant 1956 dollars for each of the six fiscal years between April 1, 1957 and March 31, 1963. The figures do not include any revenue from private station licence fees, which we recommend should go to the Consolidated Revenue Fund and not to the CBC, or any provision for interest on, or repayment of government loans, or for depreciation or obsolescence. The estimates do take account of certain changes in CBC commercial policies which we have recommended. The figures of net expenditure are therefore the amounts needed from government grants in some form.

FORECAST OF NET OPERATING EXPENDITURE

(Thousands of Dollars)

<i>Year ending March 31</i>	<i>Gross Expenditure</i>	<i>Commercial Revenue (net)</i>	<i>Net Expenditure</i>
TELEVISION			
1958.....	\$ 47,850	\$ 17,127	\$ 30,723
1959.....	55,828	19,658	36,170
1960.....	62,386	21,120	41,266
1961.....	70,209	23,466	46,743
1962.....	76,461	24,712	51,749
1963.....	83,480	26,090	57,390
RADIO			
1958.....	\$ 14,760	\$ 1,245	\$ 13,515
1959.....	15,360	1,400	13,960
1960.....	15,976	1,480	14,496
1961.....	16,739	1,640	15,099
1962.....	17,363	1,600	15,763
1963.....	18,079	1,560	16,519

FORECAST OF NET OPERATING EXPENDITURE—*Con.*

(Thousands of Dollars)

<i>Year ending March 31</i>	<i>Gross Expenditure</i>	<i>Commercial Revenue (net)</i>	<i>Net Expenditure</i>
TELEVISION AND RADIO COMBINED			
1958.....	\$ 62,610	\$ 18,372	\$ 44,238
1959.....	71,188	21,058	50,130
1960.....	78,362	22,600	55,762
1961.....	86,948	25,106	61,842
1962.....	93,824	26,312	67,512
1963.....	101,559	27,650	73,909

The forecast of net expenditures on the television service shows an increase from less than \$31 millions to over \$57 millions in the six-year period. As radio is a much older and more completely developed medium than television its net operating costs will naturally move more slowly from \$13½ million in 1958 to about \$16½ million in 1963. Together the two services show an increase from \$44¼ million in 1958 to just under \$74 million in 1963.

These forecasts are based on calculations and estimates of the costs of each of the major elements of expenditure in the broadcasting service provided by the CBC. They do not depend on some formula relating costs to the number of radio and television sets in operation. They are based on current levels of activity, certain suggested changes in operating practice and future developments that can be assessed with reasonable accuracy. The annual increases in constant dollars range from 9.2 to 13.3 per cent, or a compound rate of increase of 11.376 per cent, in each of the last five years of the forecast period, over the expenditure in the previous year. In other words, if 11.376 per cent were added in 1959 to the actual amount required in 1958 and the same percentage each year were added thereafter to the totals of the previous year, the annual sums so resulting would be very close indeed to the amounts required in each of the years in the six-year period.

We wanted to find out, if possible, why the rate of expansion in broadcasting expenditures, even after considerable reduction in the original estimates of desirable expenditure levels, proceeded at a rate of more than 11 per cent each year, when estimates of expansion in

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constant dollars show a probable growth of slightly over 4 per cent per annum for the Canadian economy as a whole.¹ We knew, of course, that television was a newer medium and had undergone a very rapid rate of expansion in Canada in the last four or five years. It would probably be unreasonable to expect that an enterprise which had shot upward for four years would suddenly flatten out to a rate of progress exactly in step with the progress of the whole Canadian economy. New additions to the television system were still being made; the Canadian people were still buying television sets in considerable volume. Above all, the Canadian television service was still well behind — in coverage, numbers of set owners and length of hours of broadcasting — the ever-present and always apparent example of American television. Nevertheless, we felt we should try to test our forecasts by seeing if we could find the major causes for the discrepancy between a broadcasting growth-rate of over 11 per cent a year as compared to an expected growth-rate of the whole Canadian economy of little more than 4 per cent a year.

On examination, we found that during the years 1959 to 1963 there were three major items of expansion and development in Canadian broadcasting services which seemed to be outside any normal growth in step with general Canadian growth. These were new additions to the service, rather than any normal growth of the present service. The three items are (a) extension of hours of television broadcasting (as discussed in Chapter IX), (b) introduction of colour television in progressive stages (as discussed in Chapter VII) and (c) extension of coverage to bring television services to about 10 per cent more of the population (as discussed in Chapter IX). We asked our financial adviser to estimate the annual impact of these three items for each of the fiscal years from 1959 to 1963 and also to calculate what the rate of growth in CBC expenditures would be if these three items were excluded from the estimates.

The details of these calculations appear in the Financial Report and can be examined there. Briefly they show that, of the increase of \$26½ million in annual television expenditures between 1958 and 1963, \$18½ million are caused by these three special items. If these three developments were to be omitted, the annual increases in the forecasts

¹ Preliminary Report, Royal Commission on Canada's Economic Prospects.

of CBC expenditure would range from 3.1 per cent to 6.3 per cent, with a compound rate of increase of 4.637 per cent over the period. We did not make this breakdown for the purpose of suggesting that these three major items should be, or might be, eliminated. We have already stated our opinion that the present broadcasting system should not be frozen in its present mould and that these comparatively new media are likely to grow faster than the whole economy. These calculations merely show that, if these three major new factors were eliminated, our projections of CBC operating requirements would grow at a rate closely in line with the expected growth of the whole Canadian economy.

Forecast of Capital Requirements, 1957-1963

It was clearly necessary to prepare forecasts covering capital requirements over the same period as we were projecting CBC operating needs. We have done so, but we are much less confident as to the reliability and accuracy of these capital forecasts than we are for the operating projections. There are two reasons for this.

Any estimates made in 1956 of capital expenditures to be undertaken in 1962-63 are bound to be little more than guesses or rough approximations. This is doubly true for a new science, where technological change is rapid and new developments are likely to make estimates of future requirements and their costs obsolete almost overnight. Our financial adviser studied the methods and procedures used for computing cost estimates, and they seemed to be reasonable. We reviewed the capital forecasts in detail with him and with senior officials of the CBC. However, in these highly technical areas, such a review is unlikely to be very effective and these estimates should therefore be taken as little more than the views of CBC management and engineers as to future capital needs to provide the scale and quality of broadcasting services we have recommended.

Earlier chapters of this report and Appendix XII deal at length with certain aspects of future capital requirements. For example, in different sections in Chapter VII, we discuss physical facilities and the need to construct new television production centres in Toronto and Montreal, and the capital costs of introducing colour television on a progressive basis. In Chapters VIII and IX, the purpose and

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scope of the extension of radio and television coverage are described and these costs are included in the capital cost forecasts.

We feel that there is little that we can usefully add to the full discussion of a number of the major items of capital expense by our financial adviser except to say that we have considered them carefully and agree with his comments.

For the period April 1, 1957 to March 31, 1963, the forecast of capital expenditures by fiscal year periods is as follows:

	<i>Television</i>	<i>Radio</i>	<i>Combined</i>
(Thousands of dollars)			
1958.....	\$ 7,888	\$ 2,695	\$ 10,583
1959.....	11,375	2,982	14,357
1960.....	10,612	2,568	13,180
1961.....	20,638	2,568	23,206
1962.....	27,165	2,468	29,633
1963.....	21,085	2,818	23,903
	98,763	16,099	114,862
Estimated cost of completing projects —anticipated to be in progress but not completed by end of 1963.....	20,528	2,088	22,616
	\$119,291	\$ 18,187	\$137,478

Capital Structure of the CBC

The Canadian Broadcasting Corporation is a Crown company without any invested capital and, indeed, without any discoverable capital structure of any kind. Funds have been provided since its creation in 1936 in a variety of ways which did not make much distinction between capital and income accounts. In addition to its earnings from commercial activities, the CBC has received funds from the following sources: (a) radio receiving set licence fees from 1936 to 1953; (b) grants of amounts equal to the excise tax collected on sales of receiving sets and parts from 1953 to date; (c) statutory grants of various amounts, sometimes on an annual basis, and sometimes over a term of years; and (d) Government loans, which have carried provisions for payment of interest and for repayment of capital, and there have been substantial transfers on both accounts from the CBC to the Government.

It is apparent that, so long as a system of licence fees was in force the intention was that the CBC should finance both its capital and current operating requirements out of the revenue from these licence fees, and that loans from the Government would generally be needed only to allow a capital expenditure to be undertaken in anticipation that future licence fees would provide for their repayment. The first loan to the CBC was made in 1938 with repayment to be made in ten annual installments starting in 1939 and in fact the whole loan was repaid in December 1941. Similarly, the second loan made late in 1939, repayable in twenty annual installments, was fully discharged by payment in February 1943.

So long as the scale of licence fees (or for that matter any other system of earmarking a revenue source) is adequate, there seems to be nothing inappropriate in having loans from the Government to the CBC and providing for their repayment out of such revenues. But, actually, a licence fee is only another form of tax and it is no less a tax because it is earmarked for this special purpose. This, or some other form of earmarking, may have important advantages in providing funds needed for the public broadcasting service, but the fact should not be obscured that this is not revenue in the commercial sense of the word. It is tax money which the people of Canada are devoting to the purchase of a service that they jointly want to buy.

We believe that, for reasons fully explained in earlier chapters of this report, the commercial revenues of the CBC cannot be sufficient to cover its operating expenses. As it is unreasonable to expect that the CBC will ever be a self-sustaining organization in a commercial sense, Government loans, past or future, can never be repaid, unless enough is added to Government grants or a higher percentage of some tax is earmarked to provide for the repayment of the loans. This transfer of funds from one Government pocket to another seems to us a confusing and rather purposeless performance. It does not seem reasonable or logical for the Government to increase the amount of its grants over what would otherwise be necessary in order merely to be able to get back the amount of the increase in the form of interest on, or repayment of the loans.

The amount of Government loans to the CBC that will be outstanding on March 31, 1957, is estimated at \$27,286,000. With the assistance of our financial adviser, we have prepared a plan for the

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reorganization of the capital structure of the CBC, which deals with these loans partly by the transference to the Government of a portion of the presently excessive working capital carried by the Corporation, partly by the cancellation of some of these loans against the issuance of common stock of the Corporation and partly by an outright cancellation of loans.

To set up the financial structure of the CBC on what we believe would be a realistic and sound basis, we recommend that the following steps be taken:

- (1) The working capital, including engineering supplies, which at March 31, 1957, will total \$15,475,000, should be reduced by the payment of \$9,475,000 by the CBC to the Federal Government in partial discharge of loans then outstanding of \$27,286,000, leaving a balance on loan account of \$17,811,000.
- (2) This will leave the CBC, for working capital, including investment in engineering supplies, the sum of \$6,000,000 which we consider will be adequate for its needs throughout the period of our forecasts.
- (3) The balance of \$17,811,000 of outstanding loans should be extinguished (a) by the government accepting common shares of \$100 par value each to the extent of \$6,000,000 being the estimated working capital requirements of the CBC and (b) by cancelling outright \$11,811,000 of loans.
- (4) The present surplus accounts of the CBC which are now labelled "capital surplus" and "other surplus" should be combined, and there should be added to them \$11,811,000 arising from the suggested cancellation of government loans. This account should in future be designated "Surplus arising from contribution of capital assets by Government of Canada".
- (5) All future grants by the Government for capital expansion and development should be credited to this surplus account and future provisions for depreciation and obsolescence and amortization of leasehold improvements should be charged to it. Thus, at any time, the balance in this account should be offset by the depreciated value of the capital assets of the Corporation and unamortized balance of leasehold improvements.

(6) Depreciation should not be included for the purpose of estimating future CBC requirements on current operating account. It should be calculated and charged to surplus account as suggested in the preceding paragraph and should be used in internal accounting for the purpose of determining departmental costs and commercial charges. An appropriate statement as to how depreciation is handled in the accounts should be included in the annual financial statements of the CBC.

(7) The annual balance sheet of the CBC should be divided into revenue and capital sections.

(NOTE: — Actual figures for March 31, 1957, when available, should be used in place of the estimated figures set forth in the above suggestions. The cost of the government bonds held at that date should be adjusted to market value).

Should these suggestions be adopted, the following statement shows the CBC balance sheet before and after these several adjustments.

REVENUE SECTION

	<i>Before Adjustments</i>	<i>Pro-forma after Adjustments</i>
	(thousands of dollars)	
<i>Assets</i>		
Cash and Government of Canada Bonds.....	\$12,442	\$ 2,967
Other Current Assets.....	7,792	7,792
Engineering and other supplies.....	1,668	1,668
	21,902	12,427
Less: Current liabilities.....	6,427	6,427
Working capital.....	\$15,475	\$ 6,000
<i>Liabilities</i>		
Capital Stock.....	—	\$ 6,000

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CAPITAL SECTION

	<i>Before Adjustments</i>	<i>Pro-forma after Adjustments</i>
(thousands of dollars)		
<i>Assets</i>		
Capital Assets.....	\$32,339	\$32,339
Less: Accumulated Depreciation.....	9,267	9,267
	23,072	23,072
Leasehold improvements (net).....	600	600
	\$23,672	\$23,672
<i>Liabilities</i>		
Government of Canada loans.....	27,286	—
Surplus.....	\$11,861	\$23,672

Provision of Capital Funds

Because of the difficulty in making reliable estimates of capital costs over a period of six years, we think that an attempt should not be made to approve a firm capital programme for the whole of this period or to seek some revenue source which might yield sufficient funds for capital purposes. We think the general scope of capital needs should be considered and we believe our forecasts on capital account give the best available estimate of the general size, scope and nature of the funds needed by the CBC. We are satisfied that capital expenditures of this general order of magnitude will be needed to provide production and distribution facilities for national radio and television services, to improve presently inadequate facilities and to make possible the desirable expansion of CBC operations that we have recommended. We think it is of first importance that such a programme should be considered as a whole and given general approval in principle at an early date. We have pointed out the difficulties and the additional costs that result from the piecemeal approach to capital requirements of the CBC and the lack of sufficient forward planning of physical needs with some assurance that the needs will be met.

We recommend that the capital budget for the CBC should be approved and provided annually by the Federal treasury. Detailed proposals for capital in the following fiscal year should be prepared by the operating officials of the CBC, within the scope of a long-term plan, and submitted to the Board of Broadcast Governors for consideration and approval. The Board's recommendation would then go to treasury officials for consideration by the Minister of Finance and the Government and for inclusion in appropriate estimates for submission to Parliament. We recommend that the money for approved capital expenditures should not be paid to the CBC as a loan, but as a grant for capital purposes, in the same way that a capital expenditure for a post-office, a harbour installation, or a national library would be treated. Since, as we have pointed out, there is no prospect that commercial revenues will ever be sufficient to cover the CBC's operating expenditures, loans can be serviced and repaid only by increasing the operating grants provided by the Government, and this, we think, is a confusing and unnecessary bookkeeping transaction.

Quite apart from the practical difficulty of forecasting capital costs over a six-year period, we think there is advantage in having capital programmes approved annually. These developments of physical plant and equipment of a publicly owned broadcasting enterprise *ought* to be considered by the Government and Parliament at regular and frequent intervals. These are the things that really determine the course of future activities. This is where the policy can be effectively determined rather than in the sporadic examination of programmes or other operating details. This is the surest way, we believe, to carry out the intent that the broadcasting system should be directly subject to Parliamentary control and supervision.

As to the source of these capital funds, we were interested to find that the estimated yield from the present 15 per cent excise tax on new television and radio sets and parts, which presently is the basis of government grants to the CBC under section 14(4) of the Broadcasting Act, is so close to our estimate of future capital requirements that we may be accused of deliberately making them the same. Admittedly, any forecast of the yield of a tax is subject to even more

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uncertainty than a forecast of capital costs. But the results over the six fiscal years of our forecasts are as follows:

<i>Year ending March 31</i>	<i>CBC Capital Requirements</i>	<i>Revenues from Excise Tax on Sets</i>
(Thousands of dollars)		
1958.....	\$ 10,583	\$ 16,000
1959.....	14,357	17,000
1960.....	13,180	16,000
1961.....	23,206	18,000
1962.....	29,633	23,000
1963.....	23,903	26,000
	\$114,862	\$116,000

We think the excise tax on sets and parts has been an unsatisfactory method of providing operating revenues for the CBC. In the early years it yielded too much and recently, and for the future, it will yield too little. The excise tax on sets and parts may however have a more logical application to capital requirements of the public broadcasting system. This tax is really a tax based on the capital value of the instrument that will be used to receive broadcasting signals. It does not seem illogical that the purchaser of this instrument should, at the time of purchase, make a contribution to the capital cost of the public system that will produce most of those broadcasting signals.

We were urged by the manufacturers of television and radio sets to suggest that this excise tax on sets and parts should be repealed.¹ They argued that it discriminated against the electronics industry as compared to other Canadian manufacturers, and that it tended to depress the volume of sales of television and radio sets by increasing the price Canadians have to pay for them. Without getting into the theories of the excise tax law, we have the impression that there are a number of Canadian products on which excise taxes have been imposed and that the tax on television and radio sets does not

¹ Exhibit 204 filed by the Radio-Electronics-Television Manufacturers Association of Canada.

make the manufacturers of these commodities unique in Canada. As to its effect on volume of sales, the rapid acquisition of television sets in the last four years would not seem to confirm the views of the manufacturers that the tax has depressed effective demand. Had the growth of set ownership proceeded any more quickly, we would only have added to our present problem of the rapid expansion of television services; but, of course, no one can be sure as to the future of consumer demands.

What is done with the proceeds of this tax, if it is continued, may not be of great importance. If it is left in the consolidated revenue fund as part of the general income of Canada, it should be recognized that this tax is likely to yield about the amount that the CBC is likely to need on capital account. At least, it should be recognized that grants for both capital and operating purposes of the CBC are not both new grants; the yield of the excise tax is an offsetting item.

It would, we think, be worth considering earmarking the proceeds of this excise tax, either in the Government's hands or by transfer in trust to the CBC, as a fund for capital purposes of the public broadcasting service. Payments out of this fund (in whatever hands it is held) should be on annual approval of a capital budget in the manner we suggested above. If our estimates of future capital requirements and future yield of the excise tax are reasonably accurate, the receipts and expenditures from the fund in the next six fiscal years should very nearly balance each other.

If our suggested procedure for annual approval of a capital budget is accepted, present provisions in section 10 of the Broadcasting Act should be modified or eliminated. This section requires the Corporation to obtain the approval of the Governor in Council before —

- (a) Entering into any agreement involving an expenditure in excess of \$25,000;
- (b) Entering into an agreement or lease for a period exceeding three years;
- (c) Acquiring any personal property exceeding a cost of \$25,000;
- (d) Disposing of any personal property having an original or book value exceeding \$25,000.

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With advancing price levels and the much higher costs of television there are numerous transactions involving expenditures of \$25,000 or more and all these must be reviewed by the Treasury Board before being considered by the Governor in Council. This seems a cumbersome and unnecessary procedure. We suggest that it should be eliminated because of our recommended procedure for approval of annual capital budgets.

Provision of Operating Funds

Before making suggestions as to how operating funds from the public treasury might be provided, it may be well to discuss one or two methods by which they cannot, or should not, be provided. We have probably said all that need be said about the present provision for transferring to the CBC an amount equal to the excise tax on sets and parts. We think this is an inappropriate way to provide operating revenues although it may be one method of obtaining a contribution to capital costs from set-owners who use the broadcasting service.

A second method used in some other countries and, at one time, in Canada, is the payment of an annual licence fee by each set owner or by each television or radio-equipped household. This certainly seems a logical way for a group of people to make a joint purchase of a service they want. It is not strictly equitable as presumably a flat fee would be charged and all licensees would not make the same use of the service; but it seems much more equitable than the earmarking of a particular tax or the payment of grants out of general revenues arising from taxes paid both by those with radio and television sets and by those who hope never to have one in the house. The yield from the licence fee is reasonably predictable and the support required or desired to be given can easily be adjusted, upwards or downwards, by changing the amount of the individual licence fee.

The flaw in this approach to the problem is that virtually nobody favours it, and many people feel quite strongly in their opposition. The arguments against it range from the inefficiency and excessive cost of collection, through the likelihood of evasion and difficulty of enforcement, to the simple claim that a licence fee is a nuisance tax

and generally unpopular. One argument that impressed us was contained in a communication in verse from an old age pensioner who said:

“Listen, bud, your name is mud,
With all us graybeards here
Unless you see we’re kept tax free
On our four eight O each year.
It’s possible you may forget
That the poor are still around,
And a tely tax just can’t be met
When the money can’t be found.”

And indeed there is much merit in the argument. Apparently, too, there is no developed practice or tradition in Canada for the payment of licence fees by the general public to the Federal Government. The experience with the small radio licence fee was not satisfactory, collection was expensive, evasions were high and nobody liked it. In the circumstances, whatever the theoretical merits of a licence fee on receiving sets may be, we think the reimposition of such a tax in Canada is impracticable and we recommend against it.

However, the basic idea that lies behind both the earmarking of the excise tax and the payment of a licence fee on receiving sets is a good one. There is merit in having those who receive the service pay the cost of it. It is sound to have a method of financing that somehow indicates to the individual consumer the share of the total cost that he is contributing which he can then weigh against the individual service he is getting. The owner of a television set in England knows that the viewing of all the BBC television programmes he and his family choose to look at in a year will cost him £3; he is not the least concerned with the fact that the total income of the BBC in 1955 was nearly £21 million. In a less direct way, the Canadian purchaser of a television set with a factory price of \$200 may know, or can find out, that he is contributing \$30 to the cost of broadcasting services in the year of purchase.

Perhaps, however, the most important feature of these methods of providing operating funds to a broadcasting service is that they can be put in the statute for a term of years and left there until there is some reason to make a change. Parliament does not have to vote the funds each year; the amount available for broadcasting services

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is not dependent on the chance that as the estimates come up for consideration, the broadcasting agency is in temporary favour with the majority of members or on the chance that the members are, for the moment, irritated with some series of programmes or some policy of the agency. Both extremes are equally bad.

This is not a suggestion that Parliament should be deprived of jurisdiction or should somehow be circumvented in its supervision of the broadcasting agency. It is a simple recognition of the fact that, in broadcasting, it is of primary importance that the operating agency be independent of control and interference from the government of the day. Since, in our constitutional practice, money bills must originate with the Government, annual votes give to the executive an almost constant vehicle for influence, or the appearance of influence, on the broadcasting agency. These are not merely theoretical ideas, but there is practical confirmation of them in Canadian broadcasting experience. If the history of the Canadian Radio Broadcasting Commission, between 1932 and 1936 is examined, especially in the evidence and reports of several Parliamentary committees in the period, there is much to suggest that the provision of finances to the Commission by annual votes was regarded as one of the weaknesses in the system which led to the extensive changes of 1936 when the Canadian Broadcasting Act was passed.

If at all possible, where public money must be voted, it is desirable that needs should be assessed over a period of years, and if Parliament decides to meet those needs, that provision be made for doing so over the period. Once financial provision has been made, unless something very startling or unexpected occurs, the agency should then be expected to live within the provision, and Parliament can concentrate its attention on seeing that the money it is providing is well and efficiently used. At all events, this is the kind of financial technique that seems to us to be desirable and we recommend it should be adopted.

There is one other objective to be kept in mind with respect to these financial arrangements. We are proposing that the broadcasting agency should receive amounts sufficient to discharge its defined responsibilities — this much and no more. Once this amount has been determined and provision has been made for its payment, the broad-

casting agency should be required to manage its affairs within that income. If the CBC later finds that a new or different type of service or programme is desirable it must find the money within the total existing budget. If it makes a mistake in estimating a programme cost, it must correct it by economizing somewhere else. It cannot go back to the Federal treasury asking for more money. But this can only be a practical procedure if some provision is made for changes in the value of the dollar. If there is inflation, the number of dollars will need to be increased, or if, as seems unlikely, the purchasing power of the dollar improves, the total number of dollars granted to the CBC should be reduced. Any financial formula should seek to make some adjustment for inflationary and deflationary trends.

We feel strongly that current operating revenues for the CBC should be provided by Parliament for a term of years by means of a formula that will meet the estimated needs of CBC and will be assured for the period, so that the CBC can make long-range operating plans of the kind that seem to be necessary. For example, it would seem to us to be unsound and wasteful for the CBC to increase its operating costs in 1959 by obtaining some colour programmes from the United States for transmission in Canada, unless in 1960 and subsequent years, it knows it will be able to go forward with the progressive introduction of colour programmes from Canadian studios; it would be better, in our opinion, not to embark on colour television at all unless a reasonably adequate development can be assured. Similarly, any plan for increasing present television or radio coverage, with its attendant capital expenditures, should not be undertaken unless there is some certainty that the increased operating funds needed to provide programmes to the new stations will be forthcoming, so also any plan to increase coverage should not favour those Canadians added to the service in 1959, unless other similarly situated Canadians in other places can be added to the service in 1960 and following years. We have chosen, for practical reasons, the period ending March 31, 1963 for our forecast of CBC net operating requirements. If it were much longer, it would be difficult to forecast requirements with any accuracy; if much shorter, a sufficient time for forward planning would not exist. If our estimates are accepted as sound and reasonable, we recommend that a statutory provision should be made to assure these funds to the

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public broadcasting agency for the next six year period, and that it should be given a chance to show what it can do in operating a broadcasting service with a clearly defined objective and an assured revenue adequate to discharge that duty — and no more.

We recommend that the amount provided to the CBC for current operations should not be divided between radio and television services, but should be a single grant for public broadcasting activities. We think there will be a good deal of inter-action between radio and television in the next six years. As the hours of television broadcasting are increased, the impact on both radio listening and its commercial revenues, which has already occurred in the evening hours, will probably be extended. We believe that radio can, and should, meet this challenge and continue to be a vital medium serving Canadians in new and important ways. We think it is more likely to do this effectively if both radio and the financial provision for its support are treated as an integral part of a single broadcasting development. However we think that, for internal accounting purposes, and for the information of the Board of Broadcast Governors and Parliament, the CBC should continue to prepare separate statements covering its radio and television activities. But in allocating charges common to the two services — that is, in dealing with so-called “integrated services” — we suggest that a simpler method of dividing costs between radio and television activities should be found, even if it is necessary to make the division on a less scientific and more arbitrary basis than at present.

For convenience — and as a basis for putting forward our suggestions for providing the operating requirements of the CBC over the next six years — we repeat the forecasts we have already made. We estimate the two services, radio and television, will require from the public treasury for operating expenditures, after receipt of commercial revenues, the following amounts in constant 1956 dollars.

<i>Fiscal year ending March 31</i>	<i>Thousands of Dollars</i>
1958	\$ 44,238
1959	50,130
1960	55,762
1961	61,842
1962	67,512
1963	73,909

For the fiscal year ending March 31, 1958 we assume that before our report can be considered, some provision will be made for CBC operations, by allocation of taxes or special grants or both. We recommend that, as early as possible during that fiscal year, a grant be made by Parliament of an amount equal to the difference between the sums actually voted and paid to the CBC under such provision and \$44,238,000, so that the latter sum will be made available for the fiscal year ending March 31, 1958.

For the period between April 1, 1958 and March 31, 1963, we recommend that Parliament should take action to provide the amounts set out in the above table for the five fiscal years, so that there will be assurance in advance that sums equivalent to the amounts stated in terms of 1956 dollars will be forthcoming.

To achieve this end we put forward for consideration several suggestions as to method and procedure.

Method A

The simplest, but probably least desirable way to meet the estimated needs of the CBC for operating revenues over this five year period, would be to vote, at one time, as a statutory grant the five stipulated annual sums with a provision that the dollar amount of each would be adjusted, upwards or downwards, to take account of inflation or deflation in the value of the 1956 dollar.¹

If our views are accepted, this is the simple and direct way to do what has to be done. However, we fear it has the weakness of making it too easy not to provide for the full period but to take piecemeal action by means of annual appropriations. This, we feel strongly, would be fatal to the creation of an efficient and independent broadcasting agency.

We hope no one will misunderstand the purpose we have in view. We are not trying to mislead anyone—least of all Parliament. We are not seeking to “sugar-coat the pill”. No one can argue for a moment that Parliament cannot change its decision one year or three years or five years hence.

¹ See discussion under Method B as to method of making the adjustment.

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Parliament is sovereign. We are only suggesting that it is much better to lay out a plan for a period of years, give the agency a chance to make efficient long-term arrangements and change the plan only if serious miscalculations or new circumstances appear, rather than try to eke out a policy in annual installments without anyone being able to plan ahead and with everyone being able to find an adequate excuse for shortcomings and failures. If there is to be a public broadcasting agency it should be given the chance to be business-like and efficient.

Method B

A second method, similar to the preceding one but avoiding the enactment of dollar amounts over a period of years, would be to provide in the statute for an increase of each annual payment by a defined percentage, at a fixed rate, based on the preceding year's payment. The percentage rate of increase would apply to the actual amount paid in the preceding year and the increased amount would be adjusted to take account of changes from year to year in the value of the dollar.

The percentage increase needed to produce approximately the estimated needs of the CBC for operating revenues is, as we have said, 11.376 per cent, starting from the total amount of \$44,238,000 required in the year ending March 31, 1958. If this percentage increase is applied to each of the five succeeding fiscal years the following amounts would be yielded in 1956 constant dollars, as compared to the estimated cash requirements of the CBC.

<i>Fiscal Year Ending March 31</i>	<i>Estimated Cash Requirements for Previous Year</i>	<i>Yield by Adding 11.376% to Previous Year</i>	<i>Estimated Cash Requirements for CBC</i>
(thousands of dollars)			
1959.....	44,238	49,270	50,130
1960.....	50,130	54,876	55,762
1961.....	55,762	61,119	61,842
1962.....	61,842	68,073	67,512
1963.....	67,512	75,817	73,909

It will be seen that the application of a fixed percentage rate of increase over the period yields slightly less revenue than we estimate the CBC will require in the first three years and slightly more than its estimated needs in the last two years. The rate of increase of about $11\frac{1}{3}$ per cent is, as we have explained in detail above, a faster rate of expansion than is expected for the general economy. It is made up of somewhat more than 4 per cent per year for "normal" growth of the system and about 7 per cent per year for three major expansions of the system (colour, coverage extension and increase in the hours of broadcasting).

This formula has the advantage of yielding the estimated requirements of the CBC without being based on any general economic index or forward estimates of economic trends. It has the disadvantages, first, that it fails to make an automatic adjustment for upward or downward movements in the Canadian economy, which presumably the CBC's fortunes should parallel, and secondly, that it fails to indicate to an individual taxpayer the amount, or at least the order of magnitude, of his individual contribution to the national broadcasting bill.

This formula would be expressed somewhat as follows: There shall be granted to the Corporation out of the Consolidated Revenue Fund in each of the five fiscal years beginning April 1, 1958 a sum equal to the amount actually granted to the Corporation in the preceding fiscal year, plus 11.376 per cent thereof, such total to be adjusted for price changes occurring during the preceding calendar year.

The adjustment for changes in price levels would need to be spelled out in the statute, but there are a number of recognized and accepted methods readily available for the purpose. The Dominion Bureau of Statistics has one index which it uses for adjusting the statistical series measuring the Gross National Product to constant dollar figures and to which it gives the rather formidable description of "implicit price deflator for gross national expenditure". This seems to be an index which would closely reflect changes in many of the

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costs the CBC would encounter. An alternative method would be to use changes in the Consumer Price Index, applying either the annual figure or the figure for the December immediately preceding the beginning of the CBC fiscal year.

Method C

A somewhat different approach would be to use a formula based on one of the recognized measurements of national economic activity and provide for payment to the CBC of small percentages of the selected measurement figure sufficient to yield the sums needed. We considered a number of the available statistical series—especially the Gross National Product and one of its components, the Personal Expenditure on Consumer Goods and Services. The latter appears to us to be one of the steadiest indices of national activity and growth, and to have a close relationship to consumer expenditures on broadcasting, which indeed form part of it.

In each of the five fiscal years between April 1, 1958 and March 31, 1963 there would be paid out of the Consolidated Revenue Fund to the Corporation an amount equal to a percentage of total Personal Expenditure on Consumer Goods and Services, for the next preceding calendar year as calculated for the National Accounts by the Dominion Bureau of Statistics. Such percentage would increase from approximately $\frac{1}{4}$ of 1 per cent in the first of the five fiscal years to approximately $\frac{1}{3}$ of 1 per cent in the last of the five years.

The actual percentages, which should be spelt out in the statute, are as follows:

<i>Fiscal Year Ending</i> <i>March 31</i>	<i>%</i>
195926998
196028858
196130755
196232262
196333941

These should be applied to total Personal Expenditure on Consumer Goods and Services of the next preceding calendar

year. For example, preliminary estimates for the total of Personal Expenditure in the calendar year 1958 will be available in February 1959. These could be used for preliminary purposes for the fiscal year beginning April 1, 1959 and adjusted when final figures become available about June 1959.

This formula has some obvious advantages. It relates revenue of the CBC on operating account to a figure which grows as the Canadian population and economy grow. If there is inflation, its effect will be shown immediately in the total of consumer expenditure. This statistical series is a remarkably stable one and there is merit in relating broadcasting costs to the total that Canadians elect to spend on items of current use and enjoyment. If any individual wants to estimate his share of broadcasting costs he can do so easily. For example, if he spends for himself and his family \$3,000 on consumable goods and services, his annual broadcasting costs over the period will range between \$7.50 and \$10.00 per year, and he can make some kind of judgment as to whether he considers the services he gets are worth these amounts.

The provision of a variable and rising percentage over the period is a complication, but it appears to be unavoidable. As explained earlier, the Canadian broadcasting system is still young and growing — growing faster, in fact, than the Canadian economy is growing. This is not surprising for these new media of communication, but it makes any formula tied to a fixed percentage of any economic index inadequate to provide the funds required. In our suggested formula, the original $\frac{1}{4}$ of 1 per cent of personal expenditures on goods and services will provide, in effect, for the normal growth of the broadcasting system. The progressive rise to $\frac{1}{3}$ of 1 per cent is needed mainly to make provision for the three special items of expansion of the broadcasting system (colour, extension of hours and expansion of coverage) which we discussed earlier.

The detailed percentage figures to be applied for each of the five fiscal years were directly calculated to yield in constant 1956 dollars the amounts we have estimated as needed

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in these years by the CBC. These percentages are derived from estimates in constant 1956 dollars of future levels of total Personal Expenditure on Consumer Goods and Services, which are expected to increase at an annual rate of slightly more than 4 per cent in the next few years. The formula in application would, of course, be applied to actual dollar figures and would thus give automatic adjustments for inflation or deflation. Also, if the *real* economic progress of Canada were faster or slower than the expected rate of expansion, it would mean that the CBC would get more or less than the annual amounts we now estimate as needed. This, we think, would be a good thing, as we feel that the CBC should grow faster if Canada develops more rapidly and should be required to reduce its rate of expansion if the Canadian economy encounters temporary difficulties.

We have attempted to outline three different methods from which Parliament may wish to choose for the provision of operating funds to the CBC in the five fiscal years under consideration. Each of the suggested methods has certain advantages and certain defects and we have tried to set out both. Our own preference is for Method C as having the greatest number of advantages and the fewest defects.

Whatever method is selected, we recommend, with as much emphasis as we can, that it should be applied by statute for the full five-year period and not altered unless some really serious change occurs in the Canadian broadcasting situation.

Moreover, we recommend that before March 31, 1963 — perhaps as much as a year before that date — consideration should be given by the Government to the method of providing future operating revenues beyond the period we have dealt with in our recommendations. To assist in this purpose, it would be well if steps were taken to maintain forward estimates of operating expenditures and revenues on a moving five-year basis. We have already suggested that the Canadian broadcasting system should be firmly established for a ten-year period ending in 1967. If our suggestions for its supervision and control have proved to be sound and workable, it should be possible to find a relatively simple way to make the necessary estimates and

calculations for the provision of financial support for the CBC after April 1, 1963. Perhaps by then, the rate of expansion of the broadcasting enterprise will have levelled off to something closer to the rate of expansion of the Canadian economy to which it might be related by a simple formula for the calculation of needed funds.

Chapter XII

Conclusion

PERHAPS some curious Canadian will ask what stands out in our minds, now that we have reached the end of our report. What is it, after fourteen months and several million words, that seems to matter in all this? We would reply something like this:

We have a good broadcasting system. The joining together in one system of public and private ownership suits Canada and serves Canadians well. It has had its confusions in the past and its rather silly quarrels. But, in essence, the concept is a good one—and we would be wise to keep it very much as it is but improved, strengthened and tidied up where possible.

We are trying to do something that is not easy. The natural pressures are against us; the flow runs north and south and we are trying to make some part of it run east and west. The forces of economics are against us too, as they have been against many odd Canadian dreams and aspirations in the past. But this is one we had better work at, for it is really important if we are to keep a Canadian identity and culture; if there is, in fact, to be a Canadian force in the world. And that may be important to many people—both inside and outside Canada.

To do this, we must be prepared to spend public money in quite large quantities. The Canadian economy is just not big enough to support a broadcasting system on commercial revenues alone. At least, it would not be one we would want to have or one that would be anything more than the scattered outposts of American broadcasting networks. The central factor in a Canadian system is the CBC, supported by money out of the public treasury for both its capital and operating needs.

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In the past twenty years the CBC has made some mistakes and has, on occasions, been left in somewhat impossible situations. But its mistakes have largely been mistakes of over-enthusiasm, a certain clumsiness and lack of practical experience, and a little uncertainty both as to where it was going and where it would be allowed to go. Perhaps others will think, as we do, that these are rather typical Canadian faults.

Now, however, with the development of television and the enormous expansion of broadcasting costs, there is more reason than ever to correct such mistakes and faults, if it is possible to do so. We felt something could be done by trying to define more precisely the scope of the national broadcasting service, both as to what it should try to accomplish and as to its physical limits, such as geographical extensions of coverage, number of daily hours of service and new developments like colour television.

The second step we took was to estimate as closely as possible how much this was going to cost, over and above what could be earned by the CBC through efficient commercial activities. These estimates covered both operating costs and capital requirements over the period up to March 31, 1963.

The third step was to suggest methods by which these public charges could be provided on an assured basis and to indicate the one we would prefer to see used.

In this way we tried to suggest both a definition of what is expected of the CBC and a means to discharge that duty. If this is done clearly, it should be made equally clear that this is all the public money the CBC can have and it must manage its activities and live within these financial provisions. To do that, we have suggested some changes in the management and operational activities of the CBC. Then we suggest there should be a Board of Broadcast Governors, representing a broad public interest and experience, which would be responsible for control and supervision not only of the public broadcasting agency but of all private broadcasters as well. And beyond these special agencies, there remains the continuing supervision of Parliament making sure that these powerful media of influence in our daily lives do not get out of control.

We think this is a system that will meet Canadian needs.

Conclusion

ALL OF WHICH WE RESPECTFULLY SUBMIT
FOR YOUR EXCELLENCY'S CONSIDERATION.

A. M. Fowler.

Chairman

Gene Burnett

J. Hewart.

Raul Zeffert

Secretary

MARCH 15, 1957.

APPENDICES

Appendix I

1. Order in Council setting forth the Commission's Terms of Reference

P.C. 1955-1796

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 2nd December, 1955.

The Committee of the Privy Council have had before them a report dated December 1, 1955, from the Right Honourable Louis S. St. Laurent, the Prime Minister, representing:

That the Royal Commission on National Development in the Arts, Letters and Sciences recommended "that the whole subject of television broadcasting in Canada be reconsidered by an independent investigating body not later than three years after the commencement of regular Canadian television broadcasting";

That it is now about three years since regular Canadian television broadcasts commenced;

That the aspects of sound radio broadcasting which are related to television broadcasting should be considered at the same time;

That the Special Committee on Broadcasting of the House of Commons has on several occasions expressed the view that Canadian broadcasting should be such as to give expression to Canadian ideas and aspirations and reach the greatest possible number of Canadians; and

That the reconsideration of television broadcasting should be based upon the principles that the grant of the exclusive use of certain frequencies or channels for broadcasting shall continue to be under the control of the Parliament of Canada, and that the broadcasting and distribution of Canadian programmes by a public agency shall continue to be the central feature of Canadian broadcasting policy.

The Committee, therefore, on the recommendation of the Right Honourable Louis S. St. Laurent, the Prime Minister, advise:

1. That Robert MacLaren Fowler, of Montreal, P.Q., Edmond Turcotte, Canadian Ambassador to Colombia, and James Stewart, of Toronto, Ontario, be appointed Commissioners under Part I of the Inquiries Act, to examine and make recommendations upon:

- (a) the policies to be followed by the Canadian Broadcasting Corporation in its television broadcasting activities and the relation of such policies to the finances of the Corporation;
- (b) the measures necessary to provide an adequate proportion of Canadian programmes for both public and private television broadcasting;

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- (c) the financial requirements of the Corporation for television broadcasting and the relation of these to the extent, nature, standards and distribution of programmes;
- (d) the financial requirements of the Corporation for sound broadcasting in the light of the development of television and the growth of population in new areas of Canada;
- (e) the manner in which the finances for the television and sound broadcasting operations of the Corporation should be provided and managed;
- (f) the licensing and control of private television and sound broadcasting stations in the public interest; and
- (g) such other related matters as the Commissioners consider should be included in reporting properly upon those specified.

2. That the Commissioners be authorized to exercise all the powers conferred upon them by section 11 of the Inquiries Act and be assisted to the fullest extent by the Canadian Broadcasting Corporation and by government departments and agencies;

3. That the Commissioners adopt such procedure and methods as they may from time to time deem expedient for the proper conduct of the inquiry and sit at such times and at such places in Canada as they may decide from time to time;

4. That the Commissioners be empowered to engage such staff and expert assistance as may be required for the proper conduct of their inquiry;

5. That the Commissioners report to the Governor in Council;

6. That Robert MacLaren Fowler be Chairman of the Commission; and

7. That Paul Pelletier be Secretary of the Commission.

R. B. BRYCE,
Clerk of the Privy Council.

2. Commission of Appointment

(Sgd.) "P. Kerwin"

DEPUTY GOVERNOR GENERAL
CANADA

(Sgd.) "F. P. Varcoe"

DEPUTY ATTORNEY GENERAL
CANADA

ELIZABETH THE SECOND, by the Grace
of God of the United Kingdom, Canada
and Her other Realms and Territories
QUEEN, Head of the Commonwealth,
Defender of the Faith.

TO ALL TO WHOM these Presents shall come or whom the same
may in anywise concern,

GREETING:

WHEREAS pursuant to the provisions of Part I of the Inquiries Act,
Chapter 154 of the Revised Statutes of Canada, 1952, His Excellency the
Governor General in Council, by Order P.C. 1955-1796 of the second day of
December, in the year of Our Lord one thousand nine hundred and fifty-five,
a copy of which is hereto annexed, has authorized the appointment of Our
Commissioners therein and hereinafter named to examine and make recom-
mendations upon —

- (a) the policies to be followed by the Canadian Broadcasting Corporation
in its television broadcasting activities and the relation of such policies
to the finances of the Corporation;
- (b) the measures necessary to provide an adequate proportion of Canadian
programmes for both public and private television broadcasting;
- (c) the financial requirements of the Corporation for television broad-
casting and the relation of these to the extent, nature, standards and
distribution of programmes;
- (d) the financial requirements of the Corporation for sound broadcasting
in the light of the development of television and the growth of popula-
tion in new areas of Canada;
- (e) the manner in which the finances for the television and sound broad-
casting operations of the Corporation should be provided and managed;
- (f) the licensing and control of private television and sound broadcasting
stations in the public interest; and
- (g) such other related matters as the Commissioners consider should be
included in reporting properly upon those specified,

and has conferred certain rights, powers and privileges upon Our said Com-
missioners as will by reference to the said Order more fully appear.

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NOW KNOW YE that by and with the advice of Our Privy Council for Canada, We do by these Presents nominate, constitute and appoint Robert MacLaren Fowler, Esquire, of the City of Montreal, in the Province of Quebec; Edmond Turcotte, Esquire, Canadian Ambassador to Columbia; and James Stewart, Esquire, of the City of Toronto, in the Province of Ontario, to be Our Commissioners to conduct such inquiry.

TO HAVE, HOLD, EXERCISE and ENJOY the said office, place and trust unto the said Robert MacLaren Fowler, Edmond Turcotte and James Stewart, together with the rights, powers, privileges and emoluments unto the said office, place and trust of right and by law appertaining, during Our pleasure.

AND WE DO hereby authorize Our said Commissioners to have, exercise and enjoy all the powers conferred upon them by the Inquiries Act, Part I, including the powers and authorities mentioned and described in the eleventh section of the said Act.

AND WE DO hereby authorize Our said Commissioners to engage such staff and expert assistance as may be required for the proper conduct of their inquiry.

AND WE DO hereby authorize Our said Commissioners to adopt such procedure and methods as they may from time to time deem expedient for the proper conduct of the inquiry and to sit at such times and at such places in Canada as they may decide from time to time.

AND WE DO hereby require the Canadian Broadcasting Corporation and all departments and agencies of the Government of Canada to furnish such assistance or information as may be required by the Commission.

AND WE DO hereby require and direct Our said Commissioners to report their findings to Our Governor in Council.

AND WE FURTHER appoint the said Robert MacLaren Fowler to be Chairman of Our said Commissioners.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

WITNESS; The Honourable Patrick Kerwin, Chief Justice of Canada and Deputy of Our Right Trusty and Well-beloved Counsellor, Vincent Massey, Member of Our Order of the Companions of Honour, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this Second day of December in the year of Our Lord one thousand nine hundred and fifty-five and in the Fourth year of Our Reign.

BY COMMAND,

(Sgd.) "C. Stein"

UNDER SECRETARY OF STATE

Appendix II

A Brief History of Broadcasting in Canada

The Early Years, 1905-1928

A CONVENIENT starting point for an examination of the development of sound and television broadcasting in Canada would be the year 1905, as it was in this year that the first piece of radio legislation was enacted by the Canadian Government, although sound broadcasting as we understand it was not to be introduced in Canada for another fourteen years. The pertinent sections of the Wireless Telegraph Act of 1905 provided that no person could establish any wireless telegraph station or use any apparatus for wireless telegraphy without a licence granted by the Minister of Marine and Fisheries. The terms, conditions and restrictions relating to any licence granted were to be in a form and for a period determined by the Minister, who was also empowered to make regulations regarding the form of application for a licence and the fee payable upon the grant of a licence. The Wireless Telegraph Act of 1905 became Part IV of the Telegraphs Act of 1906.

Seven years later, in 1913, when the possibilities for voice transmission by radio were more clearly foreseen, Part IV of the Act of 1906 was replaced by the Radio Telegraph Act under which the term "radio telegraph" was described as including "any wireless system for conveying electric signals or messages including radiotelephones". The provisions regarding licence requirements which were contained in the earlier Acts were also included in the legislation of 1913. From this it is evident that the Parliament of Canada asserted firmly its jurisdiction over the new medium of communication at an early date, and has continued to do so ever since.

The first licence granted specifically for sound broadcasting was issued in the winter of 1919 to the Marconi Wireless Telegraph Company which began to broadcast programmes on an experimental basis over station XWA in Montreal. It was not for another three years, however, that regulations were made under the Radio Telegraph Act providing for the licensing of private commercial broadcasting stations. During the fiscal year 1922-23, thirty-four private commercial broadcasting licences were issued by the Department of Marine and Fisheries. While these licences represented coverage in all provinces except Prince Edward Island and Nova Scotia, most of the broadcasting stations were situated in the larger metropolitan centres. New Brunswick had one station broadcasting from St. John. Of the six licences issued in the Province of Quebec, three were for stations in Montreal and two for Quebec City. In Ontario eleven broadcasting stations were operating, one each in Hamilton, Iroquois Falls, Kingston, and Ottawa. Two were transmitting from London and five from Toronto. Manitoba had one station operating from Winnipeg while Saskatchewan had one in Regina and one in Saskatoon. Six broadcasting stations were in operation in Alberta, of which

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three were in Calgary, two in Edmonton, and one in Olds. In British Columbia, the six broadcasting stations were evenly divided between Vancouver and Victoria, three in each city.

By 1927, licences had been issued for 75 private commercial broadcasting stations, with radio coverage in every province. The pattern of concentration of stations in larger centres was still continuing. In Nova Scotia the lone station was situated in Halifax. Prince Edward Island had two stations, one each in Charlottetown and Summerside. Fredericton and Moncton were the locations for the two New Brunswick stations. In the Province of Quebec eight of nine stations were transmitting from Montreal and Quebec City. Ten of the twenty-seven licences issued in Ontario were for Toronto broadcasting stations. Eight of eleven stations in Saskatchewan were situated in Regina and Saskatoon while both stations in the Province of Manitoba could be found in Winnipeg. In Alberta nine of the ten licensed operators were broadcasting from Calgary and Edmonton. In British Columbia the picture was the same with seven of eleven stations in the Province operating from Vancouver. By 1930 the number of licences issued for private commercial broadcasting stations had increased to 80. It is a point of interest that of the total power of all stations in Canada in 1931 (34,000 watts), approximately half was concentrated in the Montreal and Toronto areas.

At the same time that commercial stations were obtaining licences to broadcast, receiving set licences were being issued to listeners. Under Ministerial regulations made in 1922 all receiving set owners were required to obtain licences at an annual fee of \$1.00. Between the period 1922 and 1930 the number of receiving set licences issued increased from under 10,000 to approximately 530,000.

Although the development of sound broadcasting in the 1920's proceeded at a fairly rapid pace, many problems arose, such as interference from stations in the United States and Mexico, poor programme content with much material imported from the United States, and the lack of adequate extension of facilities to less populated areas.

As early as 1923, Canada was experiencing interference from stations in the United States where every wave-length in the broadcast band was in use, including those used by Canadian stations. Negotiations between Canada and the United States were undertaken in 1924 to obtain some mutually satisfactory arrangement regarding the use of certain frequencies by each country. A tentative agreement was reached allotting to Canada exclusive use of six clear channels and arranging for other channels to be shared by stations located in both countries in accordance with zoned areas. The Department of Commerce in the United States, which was responsible at the time for conducting the negotiations, found difficulty in implementing the arrangements agreed upon between the two countries. As a result of litigation in the United States in 1926, it was ruled that the Department could not require licensees to adhere to any particular frequency and further, the Department was obliged to issue licences to all applicants. Consequently, Canada was still faced with the vexing problem of interference. Further negotiations in 1927 with the newly created Federal Radio Commission brought disappointing results although the authorities in the United States did undertake to clear the six channels which had been allocated for Canada's exclusive use. Again in 1932, through an exchange of

notes with the United States, an agreement was reached whereby Canada would have the use of fifteen channels, seven of which were to be exclusive. Even these deliberations, however, did not result in any permanent settlement of the problem of interference between the two countries.

Then there was the question of programme content. Complaints were raised regarding the amount of advertising carried by licensees. The lack of live originations from local stations, the constant use of recorded material, and the failure of station operators to make good use of Canadian talent, were some of the criticisms directed against broadcasting during the 1920's. There was also the fear that the lack of east to west communications via radio, and the increasing use of programmes from the United States would have an injurious effect on Canadian unity. It was the concern of many that the possibility of cultural annexation by the United States had reached the proportions of a "new national crisis".

Yet another matter of concern was the apparent reluctance of broadcasters to enter areas of Canada which were sparsely populated. As station operators depended upon the sale of advertising time as their means of earning revenue, the natural tendency was for stations to concentrate in the larger urban areas. Coverage was not being extended adequately over the vast geographical expanse of Canada and there was multiplication of service in those areas where broadcasting was most profitable.

Such, then, was broadcasting in the early years. A vigorous and growing industry, but one having to face problems which were in many respects peculiar to Canada, problems which arose because of the great size of the country, because of the sparseness of population, and because of the position of Canada as the northerly neighbour of a rich, industrious and thickly populated United States.

The Aird Commission, 1928-1929

It was against the setting described in the preceding section that a Royal Commission on Radio Broadcasting, the Aird Commission, was appointed in 1928 to "examine into the broadcasting situation in the Dominion of Canada and to make recommendations to the Government as to the future administration, management, control and financing thereof". Appointed to the Commission were Sir John Aird, then president of The Canadian Bank of Commerce, Charles A. Bowman, editor of the *Ottawa Citizen*, and Augustin Frigon, Director-General of Technical Education for the Province of Quebec. Donald Manson, Chief Inspector of Radio for the Department of Marine was appointed secretary to the Commission.

In order to assess the merits of other broadcasting systems and consider their applicability to Canada, the Commission visited Great Britain, France, Germany, Holland, Belgium, Switzerland, Ireland and the United States. Following the foreign study, the Commission held public sessions in twenty-five Canadian cities including the capitals of nine provinces. One hundred and twenty-four written statements and one hundred and sixty-four verbal statements were received by the Commission, presenting a great divergence of views as to the manner in which broadcasting in Canada should be developed. In its report, which was tabled in Parliament in September, 1929, the Commission stated: "We have

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heard the present radio situation discussed from many angles with considerable diversity of opinion. There has, however, been unanimity on one fundamental question — Canadian radio listeners want Canadian broadcasting” While commending the private stations for their efforts to provide entertainment for the listeners, the report commented that the lack of revenue available to private broadcasters was forcing them to advertise excessively. It was felt that this same lack of revenue was also having the effect of crowding too many stations into urban areas leaving other populated areas with little or no service at all. The Commission found that the majority of programmes heard were being received from non-Canadian sources, a situation which would tend to “mould the minds of young people in the home to ideas and opinions that are not Canadian”. The report indicated that the task of the Commission was to suggest how broadcasting could be carried out “in the interests of Canadian listeners, and in the national interest”. The report went on to say that these “interests can be adequately served only by some form of public ownership, operation and control behind which is the national power and prestige of the whole public of the Dominion of Canada”.

In recommending a broadcasting scheme which would best serve both the public and national interests, the Commission stated as a “fundamental principle” that the public service should be the basis of any broadcasting organization and that the stations providing such a service should be “owned and operated by one national company”. The Commission recommended that the cost of financing a national system of broadcasting, which would include the erection of a series of high-power transmitters across the country, should come from three sources; namely, licence fees on receiving sets, rental of time on broadcasting stations for a limited amount of indirect advertising, and an annual subsidy from the Dominion Government amounting to \$1,000,000 to be granted for a period of five years and, after review, for an additional five-year period.

The more significant recommendations were:

- “(a) That broadcasting should be placed on a basis of public service and that the stations providing a service of this kind should be owned and operated by one national company; that provincial authorities should have full control over the programs of the station or stations in their respective areas;
- “(b) That the Company should be known as the Canadian Radio Broadcasting Company; that it should be vested with all the powers of private enterprise and that its status and duties should correspond to those of a public utility;
- “(c) That the Board of the company should be composed of twelve members, three more particularly representing the Dominion and one representing each of the provinces;
- “(d) That high-power stations should be erected across Canada to give good reception over the entire settled area of the country during daylight; that the nucleus of the system should possibly be seven 50,000 watt stations; that supplementary stations of lower power should be erected in local areas, not effectively covered by the main stations, if found necessary and as experience indicates;
- “(e) That pending the inauguration and completion of the proposed system, a provisional service should be provided through certain of the existing

stations which should be continued in operation by the Canadian Radio Broadcasting Company; that the stations chosen for this provisional service should be those which will give the maximum coverage without duplication; that all remaining stations not so needed should be closed down;

- “(i) That expenditure necessary for the operation and maintenance of the proposed broadcasting service should be met out of revenue produced by licence fees, rental of time on stations for programs employing indirect advertising, and a subsidy from the Dominion Government;
- “(j) That all facilities should be made to permit of chain broadcasting by all the stations or in groups; that while the primary purpose should be to produce programs of high standard from Canadian sources, programs of similar order should also be sought from other sources;
- “(k) That time should be made available for firms or others desiring to put on programs employing indirect advertising; that no direct advertising should be allowed; that specified time should be made available for educational work; that where religious broadcasting is allowed, there should be regulations prohibiting statements of a controversial nature or one religion making an attack upon the leaders or doctrine of another; that the broadcasting of political matters should be carefully restricted under arrangements mutually agreed upon by all political parties concerned; that competent and cultured announcers only should be employed;
- “(m) That the licensing of stations and such other matters prescribed in the Radiotelegraph Act and Regulations issued thereunder for the control of radio stations in general should remain within the jurisdiction of the Minister of Marine and Fisheries; that that authority should continue to be responsible for the collection of licence fees and the suppression of inductive interference causing difficulties with radio reception.”

The Years Between, 1929-1932

Although the report of the Aird Commission reached Parliament in 1929, no action was taken on the recommendations until 1932, when the first of many parliamentary committees on radio broadcasting was appointed to recommend a new scheme of broadcasting for Canada. In addition to the Federal elections of 1930, other considerations no doubt contributed to a lapse of three years between the submission of the Aird report and the appointment of the 1932 committee. There were apparently doubts as to the advisability of withdrawing licences from the private station operators, who were pioneers in broadcasting. The depression which occurred in that period made more difficult the granting of the subsidy and the acquiring of private stations which had been suggested in the Aird Commission report. There was also the question of provincial rights in the matter of radio communications. The government of the Province of Quebec raised the constitutional issue of Federal authority over radio matters. This issue was taken to the Judicial Committee of the Imperial Privy Council which, in 1932, decided that the Federal Government had exclusive jurisdiction in this field.

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During the period 1929-1932 the future of broadcasting in Canada was uncertain, and the outlook for private commercial broadcasting had probably reached its nadir. The total number of licences issued for privately owned commercial broadcasting stations in that period had dropped from 80 to 70. Only three new licences had been issued since 1928, and station owners were being discouraged from adding to, or otherwise improving their broadcasting equipment. These restraints were later used by the private broadcasters as reasons for the inadequacy of broadcast services in those years.

By 1932 there was considerable agitation throughout the country for a national system of broadcasting. Most noticeable among those who favored a change was the Canadian Radio League, comprised of many organizations and claiming a following running into the millions. Parliament was evidently aware of the growing public concern. The then Prime Minister, Mr. R. B. Bennett, said in February of 1932: "It must be agreed that the present system of radio broadcasting is unsatisfactory. Canadians have the right to a system of broadcasting from Canadian sources equal in all respects to that of any other country. Such a scheme can be established only after the most thorough inquiry and upon a programme which will take several years to put into effect". In March of the same year a Special Committee on Radio Broadcasting was appointed to consider the Aird report, to recommend a technical scheme of broadcasting "so designed as to ensure from Canadian sources as complete and satisfactory a service as the present development of radio science will permit" and to recommend an agency to carry out such a scheme.

From the time of its appointment until May 9, 1932, when the final report was submitted to Parliament, the Committee held 21 meetings, heard evidence and received briefs and submissions from 53 sources including individuals, private organizations and governments. While paying tribute to the private broadcasters as "pioneers in a field of service in the art of radio which, under handicaps, worthily kept pace with a fast developing science", the Committee was convinced that the private broadcasters had not given the Canadian listeners the service which they might have expected to receive.

The Committee proposed the appointment of a three man commission to regulate and control all broadcasting in Canada, with an assistant commissioner to be resident in each province. Other recommendations were for:

"1. a chain of high power national stations operating on clear channels, located at suitable intervals, the location to be determined by a careful technical survey of Canada.

"2. a number of stations, 100 watt power and under, operating in shared channels, located where required."

The suggestion was made that all stations, 100 watt and under, not required for the national system, should remain under private ownership, but "be regulated as to programs and advertising, by the rules of the Commission".

It was considered desirable that broadcasting should be on a self-sustaining basis with revenues to be derived from the sale of advertising time and licence fees on transmitters and receiving sets. The Committee proposed that advertising be limited to 5 per cent of programme time, and reference was also made to the need for the development of Canadian arts and artists. One of the first duties which the report recommended was that the Commission undertake to develop a trans-Canada radio network.

During the reading of a bill in May 1932, to establish the Canadian Radio Broadcasting Commission, the Prime Minister said:

"First of all, this country must be assured of complete Canadian control of broadcasting from Canadian sources, free from foreign interference or influence. Without such control radio broadcasting can never become a great agency for the communication of matters of national concern and for the diffusion of national thought and ideas, and without such control it can never be the agency by which national consciousness may be featured and sustained and national unity still further strengthened. Other and alternative systems may meet the requirements of other countries, and in any case it is not my purpose to comment unfavourably upon those systems. But it seems to me clear that in Canada the system we can most profitably employ is one which, in operation and control, responds most directly to the popular will and the national needs.

"Secondly, no other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting. Private ownership must necessarily discriminate between densely and sparsely populated areas. This is not a correctible fault in private ownership, it is an inescapable and inherent demerit of that system. It does not seem right that in Canada the towns should be preferred to the countryside or the prosperous communities to those less fortunate. In fact, if no other course were possible, it might be fair to suggest that it should be the other way about. Happily, however, under this system, there is no need for discrimination; all may be served alike. Equality of service is assured by the plan which calls for a chain of high power stations throughout Canada . . ."

The remarks of the Prime Minister were endorsed by the Opposition and the leader of the third party represented on the Parliamentary Committee. Parliament, with only one dissenting voice, accepted the recommendations of the Committee and the Canadian Radio Broadcasting Commission, consisting of three Commissioners appointed by the Governor in Council, was created by Act of Parliament.

Canadian Radio Broadcasting Act, 1932-1936

Under the terms of the Canadian Radio Broadcasting Act, the two principal functions of the Commission were to provide a national broadcasting service to Canadian listeners and to control all broadcasting in Canada. The Act gave the Commission the power to determine the number, location and power of broadcasting stations, to determine the character and proportion of advertising and the time to be devoted by stations to national and local programmes. The Act prohibited advertising in excess of 5 per cent of programme time without the consent of the Commission and also gave the Commission power to recommend the suspension or cancellation of private broadcasting licences. Although the introduction of this Act marked the end of a period in which effective government control in the broad-

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casting field had been limited largely to passing on licence applications, the newly created national system did not succeed in providing overnight the broadcasting service which the 1932 legislation envisaged.

The Commission was dependent on Parliament for its yearly budget through appropriations which were equal to fees paid for receiver set and transmitter licences. During its first year, the Commission was voted an amount of \$1,000,000 for its radio operations. For its second operating year the appropriation was increased to \$1,250,000. With revenues of this magnitude, the Commission was required to pay for capital improvements and for management and administration costs, to pay for wireline charges for network broadcasting, and to provide opportunities for the development of Canadian talent. Adding to the difficulties of the Commission was the lack of flexibility in salary scales for employees as all personnel were subject to the Civil Service Act.

The CRBC broadcast its first sustaining programme in December of 1932, and by May of the following year the Commission was transmitting regularly scheduled sustaining programmes on a daily basis. To provide outlets for its national programming the CRBC, during its first year of operations, had established stations at Chicoutimi, Montreal, Ottawa, Toronto and Vancouver. These five stations plus a number of private stations also carrying the CRBC's programmes represented Canada's first national network.

Less than a year after it had become law, the Canadian Radio Broadcasting Act was amended. Officers of the Commission were removed from Civil Service status and the procedure for acquiring private stations by the Commission was made easier, but these changes did little to lessen the burden of the Commission since the moneys available to the Commission were still limited to parliamentary appropriations equal to the estimated revenue from receiving set and private commercial and amateur broadcasting licences.

On February 16, 1934, the second Special Committee on Radio Broadcasting was appointed and instructed to report on the activities of the Commission and to "advise and recommend what, if any, changes should be effected in the existing system of radio broadcasting, and whether the statute should be amended in whole or in part, and what if any additions should be made thereto". The evidence gathered by the Committee in its four months of deliberations pointed to the considerable task of the Commission, as it was then constituted, to carry on its duties as both an operating and policy-making body. It was recommended that the Act be amended "with a view to securing better broadcasting facilities throughout the Dominion", and that a general manager should be appointed to take charge of the operational side of the Commission's activities. Nationalization of broadcasting was still considered a desirable objective as the Committee also recommended in its final report that, pending nationalization of all stations, greater co-operation should be established between privately owned stations and the Commission. It was apparent to the Committee that the establishing of national broadcasting in Canada presented many difficulties, and would require much in the way of "time, experience and large expenditure of public money" to give Canada the kind of broadcasting which the Act envisaged.

During the following two years, 1934-36, the Commission continued to expand its services. It brought programmes to Canadians in both the French and English languages over a single network which was, naturally enough, a source of annoyance to many in both language groups. There were complaints on the slowness of development and the inadequacy of the service. By 1936, the effective coverage was still under 50 per cent of the Canadian population.

In 1936, the third Special Committee was appointed with instructions "to inquire into the operations of the Canadian Radio Broadcasting Commission and its administration of the Canadian Radio Broadcasting Act of 1932 and Amendments, and the regulations made under authority thereof; to advise what, if any, changes shall be effected in the existing system of radio broadcasting; and whether the said statutes and regulations should be amended in whole or in part, and what, if any, additions should be made thereto; also to inquire into the extent to which there has been any abuse of broadcasting privileges, either for political or advertising purposes, and to advise as to what principles should govern the regulations or control thereof..."

Approximately three months' investigation by this Committee resulted in a report which recommended a complete reconstitution of the national broadcasting body. The Committee declared it had been amply demonstrated that a commission of three could not both formulate and execute policy successfully, and restated the recommendation of the 1934 Committee that a general manager should be appointed. This recommendation, however, was only one of many which resulted in a fundamental reorganization of the public agency responsible for bringing national broadcasting to Canadian listeners.

The Committee recommended the repeal of the Canadian Radio Broadcasting Act and the creation of a new Act which would place broadcasting in the hands of a 'public corporation' modelled more closely on the lines of a private corporation, but with adequate powers to control, for the purpose of co-ordination, all broadcasting, both public and private...". It was recommended that this Corporation be comprised of an honorary board of nine governors chosen to give representation to all parts of Canada, and that the Board operate through a general manager and assistant general manager who would be responsible to the Board for the conduct of all business of the Corporation. It was further recommended that the Corporation be given exclusive control over (1) the character of all programmes, political or otherwise, which were broadcast by private stations, (2) the content of all advertising, and (3) all wireline networks used for broadcasting purposes.

The Committee also commented on the serious abuse which had been made of broadcasting in some instances for political purposes, referring particularly to a series of "Mr. Sage" programmes, some of which had originated in the Toronto studios of the Commission. The Committee made a series of recommendations regarding the limitations on political broadcasting, including the prohibition of all dramatized political broadcasts, which were accepted and incorporated in the new Act, and also reaffirmed the principle of nationalization of all broadcasting.

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On November 2, 1936, the Canadian Broadcasting Act was passed, the substance of which followed closely the recommendations of the 1936 Committee.

Canadian Broadcasting Act, 1936-1949

From November 2, 1936, to the present, broadcasting has been carried out under the terms of the Canadian Broadcasting Act and the Radio Act. Under the former Act, the Canadian Broadcasting Corporation was created and charged with the responsibility for providing a national broadcasting service for Canada. The Corporation consists of a Board of Governors of eleven members (the number was nine until an amendment to the Act in January of 1952) including a Chairman and Vice-Chairman appointed by the Governor in Council. The 1944 Special Committee on Radio Broadcasting recommended that the Chairman of the Board of Governors become a full-time, salaried position, and in November of 1945 Mr. A. Davidson Dunton was appointed the first full-time Chairman of the Board. Some of the responsibilities of the Corporation under the Act include maintaining and operating broadcasting stations, establishing new stations from time to time, making agreements with private stations for broadcasting programmes, publishing and distributing periodicals, collecting news relating to current events and carrying out such other activities as may be required to develop a national service for Canada. The Corporation is also responsible for making recommendations to the licensing authority on applications for licences to operate broadcasting stations, the actual licensing authority being the Minister of Transport.

Since 1936, the activities of the Corporation have been carefully scrutinized by Parliament through the various parliamentary committees appointed for that purpose. The Minister of Transport acted as spokesman, in Parliament, for the Corporation in 1936. This responsibility was transferred to the Minister of National War Services in 1941 and in 1945 to the Honourable J. J. McCann.

In November of 1936, the newly appointed Chairman of the Board of Governors, Mr. L. W. Brockington, K.C., in a radio address, stated that the objective of the Corporation was to bring the best quality of programmes, wherever obtainable, to all Canadians. In order to carry out this objective, the Corporation undertook surveys of the radio coverage which existed at the time, and the nature and availability of Canadian talent and the manner in which this talent could be best organized and developed.

One result of these surveys was the discovery that while the Corporation's basic network in 1936 covered 60 per cent of the total population of Canada, only 49 per cent was effectively covered because of interference, chiefly from high-power Mexican radio stations. In order to obtain coverage in the United States, Mexican border stations were using channels which the United States, in agreement with Canada, had kept clear for the latter's use. This situation made it extremely difficult for the Corporation to achieve national coverage, which required high-power stations on clear channels to reach into the more remote areas of the country. The inadequacy of regional channels which were being shared with the United States also aggravated the difficulty of providing satisfactory national coverage.

Appendix II

In March of 1937, representatives from Canada, Cuba, Mexico and the United States met in Havana to produce a new scheme of channel allocations between all North American countries. While a new basis for the allocation of the broadcast band was agreed upon, the actual negotiations for the distribution of the various channels were not undertaken until November of that year. At this latter conference, which resulted in the drafting of the North American Regional Broadcasting Agreement, Canada was allotted eleven clear channels required for national coverage, seven for I-A stations and four for I-B stations. As well, four channels for Class II stations were allocated to Canada. In the shared channel category, Canada received thirty-three regional and six local channels with the possibility of later receiving more Class II stations.

This agreement was ratified by all parties in 1940 and came into effect one year later, in March 1941. Immediately prior to the expiration of the first N.A.R.B.A. in 1946, an interim agreement was arranged, to have effect for three years, commencing March 29, 1946. In 1950, as a result of a series of conferences in Montreal and Washington, D.C., among the signatories, a new agreement was reached. The 1950 agreement never came into force as it was not ratified by all parties. With the exception of Mexico, however, all countries have recognized the agreement in practice and operate under its terms.

The fourth Special Committee on Radio Broadcasting was appointed by Parliament in 1938 to consider the annual report of the CBC and to review its policies. The Committee commented favourably on the conduct of the affairs of the CBC and also on the position of the CBC in its relationship to Parliament. The Committee was also impressed with the importance of establishing a short wave broadcasting station which "would be a great utility in interpreting and advertising Canada abroad" and pointed out that Canada was the only major trading nation without such facilities.

Again in 1939, another radio committee undertook to examine the activities of the Corporation in the preceding year and restated the 1938 Committee's recommendation for the establishment of a high power shortwave station. The committee also pointed out the need of publicizing the policies of the CBC.

It was not for another three years, in 1942, that a parliamentary committee was again appointed. In its final report to Parliament, the 1942 Committee reaffirmed the principles expounded by previous committees which had shaped the growth and development of broadcasting in Canada up to that time. These principles were:

- "(a) The paramount importance of a single national authority to control all broadcasting in the public interest; (1932)
- "(b) The public ownership of all high power stations under a national system of broadcasting, with low power stations individually operated or co-ordinated in relation to the dominant system; (1932)
- "(c) The co-ordination of all broadcasting in Canada through exclusive control being vested in the nationally-owned system of:
 - (i) The character of all programs, political or otherwise, broadcast by all stations and of the advertising content thereof; and
 - (ii) All wire-line networks used for carrying broadcast programs: (1936)

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- “(d) The independence and flexibility of administration of the national broadcasting authority to be assured by its constitution as a public corporation. Under this constitution decisions as to policy are to be made by its Board of Governors while administration is to be unified under a general manager, and an assistant general manager, responsible to the board for the conduct of all business of the Corporation; (1934, 1936, 1938)
- “(e) Members of the Board of Governors to be men of broad outlook, having a knowledge of the tastes and interests of the listening public and able to make a definite contribution to the solution of the problems before the Corporation; (1936)
- “(f) The independence of the Corporation from partisan control to be assured by its constitution. As a trustee for the people of Canada and the payers of licences, the Board of Governors should render an account of its stewardship regularly to parliament and be subject to ultimate parliamentary control; (1938)
- “(g) The importance of establishing at as early a date as possible a high power short wave broadcasting station financed as a national undertaking but operated and controlled by the Corporation as an integral part of its system; (1938, 1939)
- “(h) Political network broadcasting during federal and provincial election campaigns to be on a sustaining basis and time divided equitably among the political parties.” (1939)

The 1942 Committee also recommended various administrative changes within the Corporation. These included adoption of a pension scheme for employees, more frequent meetings of the Board of Governors, a faster filling of vacancies on the Board, and the restoration of full authority and control of the General Manager from whom much responsibility had been delegated in the previous few years. It was also felt that because of the importance of radio, the affairs of the Corporation should be fully reviewed each year.

By the end of 1937, the Corporation had constructed two high-power stations in Toronto and Montreal. Two years later, in 1939, regional transmitters of 50,000 watts were established in Saskatchewan and the Maritime provinces. By 1941, a total of nine transmitters had been erected to serve Canadians across the country, a new French language network had been established, and French network programmes were being broadcast on a shortwave basis from Verchères to French-speaking Canadians in the Prairies and the Maritime provinces. In 1952, the French network was extended to Edmonton and, in 1954, a French language station began operations in Moncton making available French network programming in every province except Newfoundland and British Columbia. On October 21, 1940, the CBC established its first low-power relay transmitter at Revelstoke, B.C. Today, the Corporation has 54 of these transmitters providing service to communities which had previously been unable to get reliable, or in some cases, any radio reception. On January 2, 1944, the Corporation opened its second English language network, the Dominion, and changed the name of its original network from National to Trans-Canada.

Although successive parliamentary committees had recommended the establishment of a high-power shortwave service since 1938, it was not until February 1945 that the CBC International Service began operations at Sackville,

New Brunswick. Since that time the organization has grown to the point where it is broadcasting programmes in 15 languages to over 30 countries, and sending out the strongest signals heard in Europe from North America.

After the World War II, the Corporation continued to expand its facilities to bring service to additional numbers of Canadians. In Alberta and Manitoba, 50,000 watt stations were constructed and additional outlets of lesser wattage were established in other areas of the country. Today, through the development of a national service for Canada, the Corporation has succeeded in making its national radio programmes available to approximately 96 per cent of the Canadian population.]

Paralleling the development of CBC operations in these years was the increase in the number of private broadcasting stations, many of which have become affiliated with CBC networks and provide outlets for CBC national programmes. With the exception of the war years, when the total number of licences issued for private commercial broadcasting stations did not change materially, there has been a continuing growth in the service and coverage provided by private broadcasters. In November 1936, when the CBC was established, there were 68 regular private broadcasting stations. By 1949, this number had grown to 124 and at present there are 167 private stations of which 98 are affiliated with CBC networks and 69 are unaffiliated.]

[While a major reorganization of the national broadcasting agency in 1936 resulted in the creation of the Canadian Broadcasting Corporation, the principle of a self-sustaining service was still retained. Revenues of the Corporation were to be derived from licence fees collected from receiving set owners and from the proceeds of the sale of advertising time on national programmes. No government subsidy was to be granted although loans could be obtained for needed capital expenditures.] From its inception until the fiscal year 1944-45, the Corporation's financial statements showed annual operating surpluses. During the immediate post-war period, the Corporation was faced with the necessity of improving its facilities, an undertaking which had been deferred in the war years, and at the same time there was the continuing objective of extending the national service. Between 1945 and 1947, the CBC's statements showed a deficit for the first time. In 1947, the Canadian Broadcasting Act was amended to allow the CBC to receive the full revenue from licence fees without having deducted the cost of collection. This change, plus the normal annual increase in the number of licences issued, brought about an increase in revenue for the CBC of almost \$1 million. While a surplus was shown in 1948, the following two years found the CBC again in a deficit position. Resulting from a recommendation of the Royal Commission on National Development in the Arts, Letters and Sciences, a statutory grant of \$4.75 million was made for the fiscal year beginning in April 1951 with an additional \$1.5 million voted by Parliament in August of that year. Each year thereafter, for the next four years, the Act provided for an annual grant of \$6.25 million. The radio licence fee was abolished early in 1953 and the CBC income from this source was replaced by the proceeds from the 15 per cent excise tax on radio and television sets and parts.¹]

¹For further details on the financing of the CBC see Chapter XI and Appendix XII.

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The Royal Commission on National Development in the Arts, Letters and Sciences 1949-1951

One of the more recent highlights in Canadian broadcasting history was the appointment, in 1949, of the Royal Commission on National Development in the Arts, Letters and Sciences. With regard to broadcasting, the Commission was instructed to examine and make recommendations upon "the principles upon which the policy of Canada should be based, in the fields of radio and television broadcasting". Appointed to the Commission were The Right Honourable Vincent Massey, then Chancellor of the University of Toronto, Arthur Surveyer, Civil Engineer, Norman A. M. Mackenzie, President of the University of British Columbia, the Most Reverend Georges-Henri Levesque, Dean of the Faculty of Social Sciences at Laval University, and Miss Hilda Neatby, Professor of History at the University of Saskatchewan.

In its report which was tabled in Parliament in June, 1951, the Commission stated it had been given the impression that "although there was little reference to the Aird Report, the present national system has succeeded to a remarkable degree in doing exactly what the writers of the Report wanted it to do". The Commission also referred to three statements which were made repeatedly throughout their deliberations. "First, national programmes have been received with appreciation throughout the country, especially in the numerous small communities and isolated homes where other means of entertainment and improvement are largely wanting. Second, the existence of the nationally-controlled system of broadcasting was acknowledged as the only means whereby Canadian radio could have maintained a Canadian character. Third, the national system with extensive coverage, co-operation of national and local stations, and programmes in both languages emanating from every part of the country, has contributed powerfully, we were told, to a sense of Canadian unity. It does much to promote a knowledge and understanding of Canada as a whole, and of every Canadian region, and therefore aids in the development of a truly Canadian cultural life." Recognition was also given in the report to the important role played by private broadcasters in the national system. "The inclusion of private stations in the national system, although not contemplated when the original principles for broadcasting were established, has in practice proved to be in the national interest. . . . The most important function of private stations is that they serve as regular or occasional outlets for national programmes."

The Commission indicated its acceptance of the principle of public control of broadcasting in Canada in recommending:

"That the grant of the privilege of radio broadcasting in Canada continue to be under the control of the National Government; that the control of the national broadcasting system continue to be vested in a single body responsible to Parliament; that the Canadian Broadcasting Corporation as now constituted be that authority and continue to provide directly by its operations and indirectly by its control of the operations of others a national radio broadcasting service free from partisan influence.

"That the present Board of Governors be enlarged in order to make it more widely representative."

In the matter of financing the radio broadcasting activities of the Corporation the Commission recommended:

"That the annual licence fee for radio receiving sets be maintained at its present level, but that a more efficient method of collection be devised.

"That the total annual income of the Canadian Broadcasting Corporation for all radio broadcasting purposes other than its International Service be set by statute for five years, and that this income be found from licence fees, from commercial and miscellaneous revenue, and from a payment out of public money sufficient to make up the total statutory income."

The Special Committee on Radio Broadcasting which was appointed in 1951 endorsed the first recommendation of the Royal Commission with respect to radio broadcasting,

"That the grant of the privilege of radio broadcasting in Canada continue to be under the control of the National Government . . ."

and also supported the recommendations of the Commission regarding television development.

The Recent Years, 1951-1956

There still remains today approximately 4 per cent of the Canadian population which is not within range of CBC national radio programming. Of this 4 per cent, a number are resident in the northern areas of Canada, particularly the Yukon and the Mackenzie District of the Northwest Territories. These areas are served by only eight low-power (mostly 25 to 50 watts) broadcasting stations licensed in the name of the Department of National Defence. They are located at Whitehorse, Dawson, and Watson Lake in the Yukon, Aklavik and Yellowknife in the Northwest Territories, Fort Nelson, B.C., Fort Churchill, Manitoba and Goose Bay, Labrador.

With the exception of occasional special voice broadcasts via network line to Whitehorse and Fort Nelson (the circuit being inadequate for transmission of any kind of musical programmes) all material supplied by the CBC is recorded. Because of transportation and shipping problems the material is generally provided on a greatly delayed basis. Although CBC stations at Watrous, Saskatchewan, and Lacombe, Alberta, are heard on the southern fringe of these areas at night, the service is generally recognized as being inadequate. The CBC is presently considering a plan to establish high-power shortwave stations at Vancouver and Winnipeg and to re-equip and assist in the operation and management of the stations now operating in these areas.

With the advent of television in Canada, which is discussed separately in the following section, the course of radio, in both the type of programmes offered and in the listening habits of set owners, has been altered. While night-time listening in radio has declined to some extent, there is evidence pointing to an increased amount of daytime and "supplementary" listening. However, in spite of these changes which television has wrought, the service provided to Canadian listeners by radio broadcasting is still growing. In 1951 there were 152 stations operating in Canada, of which 19 were owned and operated by the

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CBC and 133 by private broadcasters. By 1955, the number of broadcasting stations had increased to 176, and at present 189 are in operation, 22 CBC owned and 167 owned by private interests.

In an appearance before the Royal Commission on Broadcasting, appointed in December of 1955, the Chairman of the Board of Governors of the CBC stated: "We think radio has reached, especially since the development of television, a fair level of maturity . . . also the CBC, together with other broadcasting organizations, is gradually modifying its radio services taking cognizance of the existence of television as a very large mass medium . . . (However) we are quite convinced that radio has and will continue to have an important role in broadcasting."

Television, 1952-1956

While regularly scheduled television programming from Canadian sources did not begin until September 1952, the potentialities of this new medium of communication had been actively discussed by Canadians more than twenty-five years prior to that date. In fact, the translation of light into electricity, which is fundamental to television, was a matter of interest to Heinrich Hertz in 1887, the year before the discovery of radio waves was announced.

As early as 1926, John Logie Baird, son of a Scottish minister, displayed publicly in London, England, the transmission of moving images by wireless. A process for colour television of a rudimentary nature had already been developed in 1928.

In the 1929 report of the Royal Commission on Radio Broadcasting, the significance of television in Canadian life was foreseen by Sir John Aird who stated "we are of the opinion that the question of the development of broadcasting far beyond its present state, which may include television, is one of great importance and should be closely kept pace with so that service in Canada would continue equal to that in any other country". Again in 1932, when he appeared before the parliamentary committee investigating broadcasting in Canada at the time, Sir John Aird commented on the Baird system of television with which the British Broadcasting Corporation began experimenting in 1929, and also cautioned the Committee on the necessity for television to be permanently in the minds of those who had jurisdiction over radio broadcasting.

Experimental work in television was being carried out in many countries in the 1930's, and in England this medium had developed to the extent that scheduled public service programmes were being broadcast. France as well began regular telecasts in 1935.

World War II curtailed any large-scale concentration on the expansion of television facilities in North America and it was not until the latter part of the 1940's that the very rapid and dramatic development of television occurred. In the United States this development was concentrated on the VHF (very high frequency) band. While some UHF (ultra high frequency) stations are now operating in that country, their number and combined coverage is very limited. Commercial television operations in the United States are undertaken, for all practical purposes, on the twelve channels in the VHF band. In view of the fact that approximately 50 per cent of Canadian television viewers are within range of U.S. stations broadcasting in the VHF band, the development of Canadian television in the UHF range would have deprived these Canadians

of alternative programming from U.S. stations; unless, at additional cost, their television receivers were adapted to receive programmes in both ranges.

In the few years preceding the inauguration of Canadian television, many United States stations began operations along the Canadian border. Six years ago, in 1950, there were some 30,000 television set owners in Canada, concentrated for the most part in southern Ontario. In 1951, this figure had grown to almost 60,000 and by the time the first Canadian programmes were being broadcast in September 1952, the number of sets totalled approximately 146,000. Today, there are over 2,000,000 television sets in use in Canada.

While awaiting the report of the Royal Commission on National Development in the Arts, Letters and Sciences, the Federal Government, in March, 1949, presented an interim plan for the development of Canadian television. In this plan, the government indicated its primary concern was to provide "that Canadians in various parts of Canada will have the opportunity to receive Canadian programmes". In meeting the needs of Canadian people for a television system of their own, it was clear that "a large measure of public participation in television would be necessary". The plan also called for the same development of a national system by the co-operation of public and private television station operators as was the case in radio broadcasting. The principal provisions of this plan were as follows:

- "(1) The general direction of television broadcasting in Canada, in accordance with the Canadian Broadcasting Act, be entrusted to the Board of Governors of the Canadian Broadcasting Corporation who will arrange for television operations by the Canadian Broadcasting Corporation, and by licensed private stations.
- "(2) In order to provide the required services, the Canadian Broadcasting Corporation will,—
 - (a) establish at this time national television production centres in Montreal and Toronto;
 - (b) provide a service of television programmes for broadcasting by stations which may be established in other areas in Canada, thus furnishing part of their programming. This service will be provided by the Canadian Broadcasting Corporation either by means of kinescope recordings or by direct physical relays when available. The number of national system programmes which any private station carries, and the terms on which they will be made available will be primarily a matter for negotiation and arrangements. The Government considers, however, that a certain minimum of national programmes should be carried by each television station;
 - (c) establish transmitting stations in Montreal and Toronto.
- "(3) In any city or area in Canada including Montreal and Toronto, a licence to establish one private station will be granted to a private organization giving adequate assurance of financial means and of service. In view of the high cost of television operations, it is felt that individuals or groups interested in establishing a private station in any city may wish to form an association for the purpose of applying for a licence.
- "(4) In regard to network arrangements, whether by teletranscriptions or direct physical hookups, the same principles will apply as in the case of radio broadcasting."

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The announcement concluded:

"The plan by no means provides for the exclusion of non-Canadian material from our television channels. The public will wish Canadian stations, both public and private to carry some good programmes from other countries. The national plan does make possible, however, a core of Canadian television broadcasting, reaching an increasing number of Canadians across the country."

This interim plan was reviewed in 1950 by the Special Parliamentary Committee on Radio Broadcasting and, in expressing their general approval of the plan, the Committee stated "it is obviously in the national interest that television in Canada should be essentially Canadian and will undoubtedly be more expensive than a development under which the majority of programmes come from the United States". The Committee went on to stress the need for an adequate method of financing television in the national interest.

In its report the Massey Commission concurred in the interim plan for television which had been announced in 1949, and went on to express its concern on three matters. First, the development of television in Canada should not be "precipitate", but should "be carefully planned to avoid costly experiment which our country can scarcely afford". Second, the Board of Governors of the CBC should not license any private stations before it is ready to provide all stations with national programmes. Third, French language programmes should be produced to meet the needs of French-speaking Canadians.

It was recommended:

- "(a) That direction and control of television broadcasting in Canada continue to be vested in the Canadian Broadcasting Corporation.
- "(b) That the Canadian Broadcasting Corporation proceed with plans for the production of television programmes in French and English and for national coverage by kinescope recordings or by any other practicable means.
- "(c) That no private television broadcasting stations be licensed until the Canadian Broadcasting Corporation has available national television programmes and that all private stations be required to serve as outlets for national programmes."

Further recommendations of the Massey Commission were that radio and television accounts of the CBC be kept separate, that parliamentary grants should be provided to cover capital expenditures of the CBC and that operating revenue for the CBC be obtained from receiving set licence fees, commercial revenue, and statutory grants if necessary. In order to avoid excessive commercialism and to encourage Canadian content and talent, strict control over all television in Canada by the CBC was also recommended.

The Special Parliamentary Committee on Radio Broadcasting, appointed in May 1951, supported the recommendations of the Royal Commission regarding television development and urged "that the Canadian Broadcasting Corporation proceed as soon as practicable with the extension of television coverage".

In December 1952, only three months after the CBC began its regular service of television broadcasting from its Montreal and Toronto stations, the Federal Government made its second major policy pronouncement:

"For some time the government has been giving careful consideration to the development of television broadcasting in Canada. In its consideration it has had in mind the report of the royal commission on national development in the arts, letters, and sciences. The commission recommended that the Canadian Broadcasting Corporation proceed with the production of television programmes and with plans for national coverage. It spoke of extension of national coverage both through publicly and privately-owned stations. It said that no private station should be licensed until the CBC had available national television programmes and that all private stations established should be required to serve as outlets for national programs. It emphasized the need for direction and control of television broadcasting in Canada to prevent Canadian stations from becoming mere channels for broadcasting material from outside Canada and to encourage Canadian content.

"The government believes, with the royal commission, that television should be developed in Canada with the aim of benefiting our national life and that it should have the structure and the means required by Canadian conditions to ensure an adequate amount of suitable Canadian programs for Canadians as well as using some material from outside the country. Television will undoubtedly play a considerable part in the lives of many Canadian families. It is bound to have a strong effect on the growing minds of young people watching it in their own homes. The government believes it should be so developed in Canada that it is capable of providing a sensible pattern of programming for Canadian homes with at least a good portion of Canadian content reflecting Canadian ideas and creative abilities of our own people and life in all parts of Canada.

"The government knows also that, because of the nature of our country, there must be a wide integration of effort and resources if we are to have adequate television service suitable to our national needs and reaching at least a major part of the public in all regions. Now that national television service has started, the government believes that it should be extended as widely and as quickly as possible to other areas. Therefore, it is proposed to ask parliament to approve a loan to the Canadian Broadcasting Corporation for the purpose of building stations on the Pacific coast, in the prairie provinces, and in the Atlantic provinces. These would be established in the Vancouver, Winnipeg and Halifax areas. Thus, in addition to the stations at Montreal and Toronto, and that to be built at Ottawa, there would be publicly-owned stations with some production facilities at least in each of the main regions of the country.

"In addition the government will now be ready to receive applications for licences for private stations to serve areas not now served or to be served by publicly-owned facilities already announced. The government has indicated to the Canadian Broadcasting Corporation that it is

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prepared to consider applications for such licences which may be recommended by the corporation after being made in the usual way to the Department of Transport.

"The objective will be to make national television service available to as many Canadians as possible through co-operation between private and public enterprise. Under this plan the private stations licensed will carry national programme service, besides having time for programming of their own. There will be plenty of opportunity for enterprise by private interests in television broadcasting, and at the same time provision for wide extension of the national service. Since the objective will be to extend services as widely throughout Canada as is practicable, no two stations will be licensed at the present to serve the same area. A television station can serve only a comparatively small area. Canada is very large and it will require a good many stations before television can be brought to the people in most parts of our country. It is desirable to have one station in as many areas as possible before there are two in any one area.

"The government believes that the policy adopted will provide for the integration of effort and resources, both public and private, that is necessary for the development of our television broadcasting serving our family and national life, and reaching as great a number as possible of Canadians."

In 1953, a special parliamentary committee on radio broadcasting reviewed the stated policies of the government and concurred in their various proposals.

With the commencement of television services in Canada, it became apparent that existing arrangements for financing CBC radio operations would be inadequate for the new medium. In February 1953, the government announced that licence fees for receiver sets were being dropped, and that proceeds from a special 15 per cent excise tax on radio and television sets and parts were to be paid over to the CBC. Through its three principal sources of income, the annual statutory grant of \$6.25 million, proceeds from the excise tax and revenues from commercial activities, the CBC was able to show operating surpluses from 1951 to 1955 for its combined radio and television broadcasting operations. However, the tremendous expansion of television in Canada since 1952 brought with it corresponding increases in costs. Expenditures of the CBC for the fiscal year ending March 31, 1956, exceeded income, with the certainty that this deficit would increase unless means were found for providing the Corporation with additional revenue.

Since its inception, television broadcasting in Canada has seen a very remarkable growth which, in terms of population and area to be covered, has been unique in the world. From a very modest beginning in September 1952 with two CBC television stations, one in Toronto and one in Montreal, Canada now has a national television system which includes a total of 38 stations, 9 owned by the CBC and 29 owned by private operators.

The first television network arrangements were completed in January, 1953, with the establishment of a microwave link between Buffalo and Toronto. In May of the same year, the microwave network between Montreal, Ottawa and Toronto was completed, and began operating the following month with

Appendix II

a showing of the first films of the Coronation of Queen Elizabeth to be seen in North America. In October 1953, the first private television station began broadcasting from Sudbury, Ontario. This was followed in November by a second private television station located in London, Ontario.

By the end of 1954, the microwave network had been extended to reach from Quebec City to Windsor, Ontario. New television stations were operating in Hamilton, Sault Ste-Marie, Kingston, Rimouski, Halifax, Sydney, Moncton, Saint John, N.B., Windsor and Quebec City in the East, and Port Arthur, Winnipeg, Edmonton, Saskatoon, Calgary and Vancouver in the West. In June 1955, the CBC French language outlet in Ottawa was completed extending French network service from Quebec City to the Capital.

By December of 1955, 32 stations were in operation in Canada with nearly 2,000,000 television sets in use, and with the CBC's national service reaching 80 per cent of Canada's population. In November of 1956 the microwave network was extended westward to bring live programmes from the East to Winnipeg, Manitoba. It is expected that by 1958 Canada will be linked together by a microwave network extending from the Atlantic to the Pacific Coast and including all of the larger and many of the smaller centres in the country.

Appendix III

Public Sessions of the Commission¹

Ottawa	April 30-May 4, 1956
Winnipeg	May 7-9, 1956
Regina	May 11, 1956
Vancouver	May 14-15, 1956
Edmonton	May 22-23, 1956
Saskatoon	May 24, 1956
Toronto	May 30-June 5, 1956
Halifax	June 19-20, 1956
Charlottetown	June 22, 1956
Fredericton	June 25-27, 1956
Quebec	June 28-29, 1956
Montreal	Sept. 10-15, 1956
Ottawa	Sept. 17-24, 1956
Ottawa ...	Oct. 2-12, 1956

¹ Although a public session was to be held at St. John's, Nfld., on June 18, 1956, inclement weather prevented the Commission party from reaching Torbay airport. However, some of the Newfoundland briefs were later presented during the course of the Montreal hearings.

Appendix IV

Briefs Submitted to the Commission

(Asterisk indicates that brief was not presented
by its sponsor at a public hearing)

<i>Sponsor</i>	<i>Place Heard</i>
1. *Académie Canadienne-française de Montréal.	
2. Alberta Federation of Agriculture	Edmonton
3. Alberta Federation of Home and School Associations....	Edmonton
4. Alberta Government	Edmonton
5. Alliance Canadienne de Toronto	Toronto
6. *Alliance française de Toronto.	
7. American Federation of Musicians	Toronto
8. *Anglican Church of Canada.	
9. *Aquin, Creighton (Boston, Mass.).	
10. *Associated Boards of Trade of Central British Colum- bia and Yukon.	
11. Association Acadienne d'Éducation du Nouveau- Brunswick	Fredericton
12. Association agricole du district agronomique n° 3, St- Joseph, N.B.	Fredericton
13. Association canadienne-française de l'Alberta	Edmonton
14. Association Canadienne de la Radio et de la Télévision de langue française — Rouyn	Quebec
15. Association des Bibliothécaires de langue française	Montreal
16. Association Canadienne des Éducateurs de langue française	Montreal
17. Association catholique franco-canadienne de Saskat- chewan	Regina
18. Association d'Éducation des Canadiens-français du Manitoba	Winnipeg
19. *Association des Étudiants acadiens de Québec.	
20. Association des Hebdomadaires de langue française du Canada	Montreal
21. Association des Instituteurs acadiens	Fredericton
22. Association des Professeurs de Carrière de l'Université Laval	Quebec
23. Association France-Canada	Toronto
24. Association of Canadian Advertisers	Toronto
25. Association of Canadian Travellers	Saskatoon
26. Association of Radio and Television Employees of Canada	Ottawa
27. *Beale, W. James (Montreal, P.Q.).	

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<i>Sponsor</i>	<i>Place Heard</i>
28. *Benoist, Bernard (Montreal, P.Q.).	
29. *Blangstad, S. A. (Toronto, Ont.).	
30. *Bogue, Miss Deborah (Ottawa, Ont.).	
31. Bothwell-Hill Co. Ltd.	Regina
32. *Boy Scouts Association - General Council.	
33. British Columbia Association of Broadcasters	Vancouver
34. British Columbia Federation of Labour	Vancouver
35. British Columbia Parent-Teacher Federation	Vancouver
36. Broadcasting Station CFAC (Calgary)	Edmonton
37. Broadcasting Station CFNB (Fredericton)	Fredericton
38. Broadcasting Station CFNS (Radio-Prairies-Nord)	Saskatoon
39. Broadcasting Station CFPL and CFPL/TV (London)	Montreal
40. Broadcasting Station CFQC (Saskatoon)	Saskatoon
41. Broadcasting Station CHFA (Radio-Edmonton Ltée)....	Edmonton
42. Broadcasting Station CHNS (Halifax)	Halifax
43. Broadcasting Station CJAD (Montreal)	Montreal
44. Broadcasting Station CJCA (Edmonton)	Edmonton
45. Broadcasting Station CJCH (Halifax)	Halifax
46. Broadcasting Station CJON (St. John's, Nfld.)	Montreal
47. Broadcasting Station CJOR (Vancouver)	Montreal
48. *Broadcasting Station CJVI (Victoria).	
49. Broadcasting Station CKAC (Montreal)	Montreal
50. *Broadcasting Stations CKCK and CKCK/TV (Regina).	
51. Broadcasting Station CKEY (Toronto)	Toronto
52. Broadcasting Station CKLB (Oshawa)	Ottawa
53. Broadcasting Station CKLG (North Vancouver)	Vancouver
54. *Broadcasting Station CKOC (Hamilton).	
55. *Broadcasting Station CKOV (Kelowna, B.C.)	
56. Broadcasting Station CKRC (Winnipeg)	Winnipeg
57. Broadcasting Station CKSB (Radio-St-Boniface Ltée)....	Winnipeg
58. Broadcasting Station CKVL (Verdun)	Ottawa
59. Broadcasting Station CKWX (Vancouver)	Vancouver
60. *Bruce, Robert J. (Val-d'Or, P.Q.).	
61. Bureau of Broadcast Measurement.....	Toronto
62. *Burston, A. M. (Toronto, Ont.).	
63. *Business Girl's Sodality of Our Lady of Fatima (Sydney, N.S.).	
64. *Canadian Arab Friendship League.	
65. Canadian Arts Council	Ottawa
66. Canadian Association of Radio and Television Broad- casters	Ottawa
67. Canadian Association for Health, Physical Education and Recreation	Toronto
68. Canadian Association of Consumers — Ont. Br.	Ottawa
69. Canadian Association of Consumers — Nat. Br.	Montreal
70. Canadian Association for Adult Education	Ottawa
71. Canadian Association of University Teachers	Montreal
72. Canadian Broadcasting Corporation	Ottawa

Appendix IV

<i>Sponsor</i>	<i>Place Heard</i>
73. *Canadian Broadcaster and Telescreen.	
74. Canadian Citizenship Council	Ottawa
75. Canadian Council of Authors and Artists	Ottawa
76. *Canadian Council of Churches.	
77. Canadian Costumers	Winnipeg
78. Canadian Federation of Agriculture	Ottawa
79. Canadian Federation of University Women	Regina
80. *Canadian Federation of Mayors and Municipalities.	
81. Canadian Film Institute	Ottawa
82. Canadian Home and School and Parent-Teacher Fed....	Halifax
83. Canadian Labour Congress	Ottawa
84. *Canadian League of Composers.	
85. Canadian Legion, Man. and NW Ont. Command	Winnipeg
86. Canadian Library Association	Toronto
87. *Canadian Lutheran Council.	
88. Canadian Marconi Co.	Montreal
89. Canadian Mental Health Association	Toronto
90. *Canadian Mental Health Assoc. Saskatchewan Br.	
91. Canadian Protestant League	Montreal
92. *Canadian Radio and Television League.	
93. *Canadian Red Cross Society.	
94. *Canadian Retail Federation.	
95. Canadian Temperance Federation	Toronto
96. Canadian Welfare Council	Ottawa
97. Canadian Wire Service Guild	Toronto
98. *Cada, Dr. J. J. (Ottawa, Ont.)	
99. *Cain, Mrs. Leo (Fredericton, N.B.).	
100. Cercle Molière — St-Boniface	Winnipeg
101. *Ceretti, Arthur (Winnipeg, Man.).	
102. Chamber of Commerce, Montreal and District	Montreal
103. Chamber of Commerce, Cornerbrook, Nfld.	Montreal
104. *Chamber of Commerce, Dauphin, Man.	
105. *Chamber of Commerce, Fort William, Ont.	
106. *Chamber of Commerce, Oshawa, Ont.	
107. *Chamber of Commerce, St. Catharines and District, Ont.	
108. Chamber of Commerce, Winnipeg, Man.	Winnipeg
109. *Chambre de Commerce de Chicoutimi, P.Q.	
110. Chambre de Commerce de Maniwaki, P.Q.	Ottawa
111. Chambre de Commerce de Québec	Quebec
112. Charlottetown Board of Trade, P.E.I.	Charlottetown
113. Citizens Committee on Children	Ottawa
114. Club Richelieu, Campbellton, N.B.	Fredericton
115. Collège de St-Boniface, Man.	Winnipeg
116. Collège de St-Boniface, Assoc. des Anciens Élèves	Winnipeg
117. Comité de Télévision du Nord-Ouest Québécois	Montreal
118. Comité d'Action catholique et d'Apostolat laïc	Ottawa
119. *Community Arts Council of Vancouver.	
120. *Community Chest of Greater Toronto.	

Royal Commission on Broadcasting

<i>Sponsor</i>	<i>Place Heard</i>
121. *Community Welfare Council of Windsor.	
122. Commissioner, Yukon Territory	Ottawa
123. Commissioner, Northwest Territories	Ottawa
124. Confédération des Travailleurs catholiques du Canada....	Montreal
125. Conseil de la Vie Française	Quebec
126. Co-operative Union of Canada	Ottawa
127. *Corporation générale des Instituteurs et Institutrices catholiques de la Province de Québec.	
128. Council of the City of Winnipeg	Winnipeg
129. *Dalhousie Faculty Association, Dalhousie University.	
130. *Dauphin Council of Women.	
131. *Dickson TV Productions.	
132. Dominion Drama Festival	Ottawa
133. Les éditions de l'Hexagone	Montreal
134. Farmers' Union of Alberta	Edmonton
135. Fédération des Associations de Parents et d'Instituteurs de langue française d'Ontario	Ottawa
136. *Fédération des Caisses Populaires acadiennes Ltée — Caraquet, N.-B.	
137. *Fédération Canadienne française de la Colombie- Britannique.	
138. Fédération des Chambres de Commerce des Jeunes de la Province de Québec	Montreal
139. Fédération des Sociétés St-Jean-Baptiste — St-Hyacinthe	Quebec
140. *Findlay, J. (Toronto, Ont.).	
141. *Fox-Decent, T.C. (Winnipeg, Man.).	
142. Fredericton Branch of United Nations Assoc.	Fredericton
143. Fredericton Council of Churches	Fredericton
144. Frontier Television Ltd.	Montreal
145. Girl Guides Association (Cdn. Council)	Toronto
146. Goode, T.H., M.P. (Burnaby-Richmond, B.C.)	Vancouver
147. *Gostick, Ron. (Flesherton, Ont.).	
148. Group of Citizens from Kingston	Ottawa
149. Group of Citizens from Nanaimo	Vancouver
150. *Group of Citizens from Winnipeg.	
151. Group of Students from Jarvis Collegiate	Toronto
152. Halifax Symphony Society	Halifax
153. Housewives Committee on Broadcasting	Regina
154. Humanities Association of Canada — Fredericton Br....	Fredericton
155. *Humanities Association of Canada — Lennoxville Nat. Br.	
156. *Humanities Association of Canada — Winnipeg Br.	
157. Independent Order Daughters of the Empire	Toronto
158. *Industrial Development Board of Greater Winnipeg.	
159. Island Radio Broadcasting Co. Ltd.	Charlottetown
160. *Jeune Commerce de Chicoutimi.	
161. Journal l'Évangeline	Fredericton

Appendix IV

<i>Sponsor</i>	<i>Place Heard</i>
162. Kelowna Arts Council	Vancouver
163. *Kendall, Osmond (Ottawa, Ont.).	
164. *Knights of Columbus — Ont. State Board.	
165. Labor-Progressive Party — Alberta Ctee.	Edmonton
166. Labor-Progressive Party — Manitoba Ctee.	Winnipeg
167. Labor-Progressive Party — National Ctee.	Toronto
168. *Labor-Progressive Party — North Western Ont. Regional Command, Port Arthur.	
169. Labor-Progressive Party — Saskatchewan Ctee.	Regina
170. *Labor-Progressive Party — Windsor, Essex, Kent Ctee.	
171. Lower, Dr, A. M. (Kingston, Ont.)	Ottawa
172. Lutheran Hour	Toronto
173. *Malecki, Zbigniew (Montreal, P.Q.).	
174. Manitoba Farmers' Union	Winnipeg
175. Manitoba Federation of Agriculture and Co-operation...	Winnipeg
176. Manitoba Provincial Federation of Labour	Winnipeg
177. Maple Leaf Gardens	Toronto
178. Maritime Library Association	Halifax
179. *Matthews, Syd C. (Toronto, Ont.).	
180. *May, Miss Barbara (Ottawa, Ont.).	
181. *Men's Musical Club of Winnipeg.	
182. *Mowat, Prof. Alex. S. — Dalhousie University.	
183. National Advisory Council on School Broadcasting	Halifax
184. National Association of Broadcast Employees and Technicians	Ottawa
185. National Ballet Guild	Ottawa
186. National Council of Women of Canada	Ottawa
187. National Progressive Conservative Student Fed.	Toronto
188. National Religious Advisory Council of the CBC	Toronto
189. *Newfoundland Board of Trade.	
190. Newman Club Alumni — University of Manitoba	Winnipeg
191. Newman Club of Ottawa	Ottawa
192. Newman Clubs — Canadian Federation of	Halifax
193. New Brunswick Federation of Agriculture	Fredericton
194. New Brunswick Provincial Council of Women	Fredericton
195. Nobleman, Ben.	Toronto
196. *North York Home and School Association.	
197. Nova Scotia Federation of Agriculture	Halifax
198. Nova Scotia Federation, Home and School Assoc.	Halifax
199. Nursery Education Association of Ontario	Toronto
200. *O'Brien, Mrs. Mary (Victoria, B.C.).	
201. Ontario Modern Language Teachers' Association.	Toronto
202. Ontario Library Association	Toronto
203. *Ontario Public School Men Teachers' Federation.	
204. *Order of Hospital of St. John of Jerusalem.	
205. Opera Festival Association of Ontario	Toronto
206. Ottawa Council of Churches	Ottawa
207. Overture Artists' and Concert Management	Vancouver

Royal Commission on Broadcasting

<i>Sponsor</i>	<i>Place Heard</i>
208. Paroissiens de l'Immaculée-Conception	Montreal
209. Parti Ouvrier — Comité Provincial	Montreal
210. Partridge, Donald (Victoria, B.C.)	Vancouver
211. *Pollock, John and Prentice, Howard (St. Catharines, Ont.)	
212. Prince Edward Island Federation of Agriculture	Charlottetown
213. Professional Association of Industrialists	Montreal
214. *Progressive Conservative Business Women's Club of Ottawa.	
215. *Property Owners Association of Calgary.	
216. Quebec Farm Forum	Montreal
217. Quebec Federation of Home and School Assoc.	Montreal
218. Quebec Women's Institute, Inc.	Montreal
219. Radio-Electronics Television Manufacturers Association of Canada	Ottawa
220. Radio-Ouest Française, Vonda, Sask.	Winnipeg
221. Red River TV Association	Winnipeg
222. *Regina Library Association.	
223. Retail Merchants' Association of Canada	Winnipeg
224. Royal Conservatory of Music	Toronto
225. Salvation Army — Saskatoon Br.	Saskatoon
226. *Saskatchewan Agricultural Societies Assoc.	
227. Saskatchewan Arts Board	Regina
228. Saskatchewan Department of Education	Regina
229. Saskatchewan Farmers Union	Saskatoon
230. *Saskatchewan Federation of Labour.	
231. *Saskatchewan Library Association.	
232. Saskatchewan Wheat Pool	Regina
233. Saskatchewan Women's Christian Temperance Union ...	Saskatoon
234. Saskatoon Community Chest and Council	Saskatoon
235. Shapiro, Marshall F.	Winnipeg
236. *Sir Ernest MacMillan Fine Arts Club.	
237. Skiatron Electronics and Television Corp. New York	Ottawa
238. *Snow, V. M. (Winnipeg, Man.).	
239. Société Canadienne d'Éducation des Adultes	Montreal
240. Société des Écrivains Canadiens	Montreal
241. Société d'Étude et de Conférences	Montreal
242. Société Historique de Québec	Quebec
243. Société Nationale de l'Assomption	Fredericton
244. Société Radio-Gravelbourg Ltée.	Regina
245. Société St-Jean-Baptiste de Montréal	Montreal
246. *Society of Music Enthusiasts.	
247. Southam Press Ltd.	Toronto
248. Spilak, John (Hamilton, Ont.)	Toronto
249. Stewart, Col. J. David, Mayor	Charlottetown
250. St. John, Jack, M.L.A.	Winnipeg
251. Toronto and District Trades and Labour Council	Toronto
252. Toronto Television Owners Association	Toronto

Appendix IV

<i>Sponsor</i>	<i>Place Heard</i>
253. Trans-Canada Telemeter	Ottawa
254. United Church of Canada	Toronto
255. United College General Faculty Council	Winnipeg
256. University of Alberta	Edmonton
257. *University of British Columbia — Radio and Television Committee.	
258. Université Laval	Quebec
259. *Université de Montréal.	
260. University Radio and Television Society	Vancouver
261. Université du Sacré-Cœur, Bathurst, N.B.	Fredericton
262. University St. Francis-Xavier, Antigonish, N.S.	Halifax
263. Université St-Joseph, Moncton, N.B.	Fredericton
264. Université St-Louis — Edmundston, N.B.	Fredericton
265. University of Toronto — Dept. of French	Toronto
266. University of Toronto — Television Ctee.	Toronto
267. *University Women's Club of Calgary.	
268. Vancouver Symphony Society	Vancouver
269. Visites interprovinciales	Toronto
270. Winnipeg Symphony Orchestra	Winnipeg
271. Women's Inter-Church Council of Canada	Toronto
272. Young Men's Christian Association	Toronto
273. Young Women's Christian Association	Toronto
274. Zenith Radio Corporation of Chicago, Ill., U.S.A.	Ottawa

Appendix V

Exhibits Filed at Public Sessions April 30 to October 12, 1956

<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
1.	Copy of Order in Council P.C. 1955-1796 of December 2, 1955	The Chairman
2.	Memorandum to the Royal Commission on Broadcasting, 1956	CBC
3.	Broadcasting in Canada — History and Development of the National System	CBC
4.	Financial Statements	CBC
5.	Canadian Radio and Television Networks	CBC
6.	Licensing of Broadcasting Stations	CBC
7.	Radio and Television Stations in Canada — Ownership and Coverage	CBC
8.	Programming — Part 1 — Outline of Schedules, January 8-14, 1956	CBC
9.	Programming — Part 2 — Description of Programmes, January 8-14, 1956	CBC
10.	Broadcasting Activities of Canadian Television Stations, Week of January 8-14, 1956	CBC
11.	Radio and Television Rates	CBC
12.	Organization, Functions and Management	CBC
13.	Technical Developments in Television—Magnetic Recording, Ultra High Frequency and Colour — Subscription Television	CBC
14.	National Program Service	CBC
15.	Broadcasting Service in Northern Canada	CBC
16.	Brief	CARTB
17.	Copy of brief submitted by CARTB to the Royal Commission on Canada's Economic Prospects	CARTB
18.	Elliott-Haynes survey of attitudes of Canadians with regard to the ownership and management of the broadcasting industry in Canada, June, 1955	CARTB

Royal Commission on Broadcasting

No.	Exhibit	Filed By
19.	Article and speech by Sir Thomas Beecham, reprinted from the Sunday Times, London, England, "Marxist Music — Some Dangerous Illusions"	CARTB
20.	Survey by Canadian Institute of Public Opinion on Canadian attitudes toward television and radio broadcasting, March, 1956	CARTB
21.	Article by Gerard Fay of the Manchester Guardian on how the press won the right to report Parliament	CARTB
22.	An Analysis of Canadian Radio and Television Station Schedules by Programme Classification, April, 1956 — Elliott-Haynes	CARTB
23.	Random sampling of some of the public service activities performed from time to time by some CARTB member stations	CARTB
24.	Group of reports submitted by certain CARTB member stations in competing for the John J. Gillin Jr. Memorial Award for service activities	CARTB
25.	Answers to certain questions asked by the Royal Commission on Broadcasting	CARTB
26.	Report on the Teen Age Book Parade	CARTB
27.	Collection of clippings of news reports, feature articles, editorials and letters relating to broadcasting	CARTB
28.	Memorandum regarding alternatives for the structure and financing of a State broadcasting agency	CARTB
29.	Paper clarifying position of CARTB regarding a separate regulatory body	CARTB
30.	Additional reasons why, in the view of the CARTB, regulatory power should not repose in the hands of an operating body and/or in the hands of a body which competes with any element of the community over whom it possesses regulatory power	CARTB
31.	Brief	Commissioner of the Northwest Territories
32.	Brief	Commissioner of the Yukon Territory
33.	Brief	Canadian Labour Congress
34.	Brief	Council of the City of Winnipeg

Appendix V

<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
35.	Brief	Winnipeg Chamber of Commerce
36.	Brief	Manitoba Farmers' Union
37.	Brief	Manitoba Federation of Agriculture and Co-operation
38.	Brief	General Faculty Council of United College, Winnipeg
39.	Brief	Newman Club Alumni of the University of Manitoba
40.	Brief	Winnipeg Symphony Orchestra Limited
41.	Brief	Red River TV Association
42.	List of members	Red River TV Association
43.	Brief	Broadcasting Station CKRC Winnipeg
44.	Brief	Retail Merchants Association of Canada Inc.
45.	Brief	Manitoba Committee of the Labor-Progressive Party
46.	Brief	Canadian Costumers (H. H. Barnes, Edmonton Masquerade, Mallabar Costumer Ltd., Theatrical Costume Studio, Watts and Co. Ltd., and Theatrical and Masquerade Costume Co.)
47.	Brief	Radio-Saint-Boniface Limitée (CKSB)
48.	Brief	Radio-Ouest-Française, Vonda, Sask.
49.	Brief	Association d'éducation des canadiens français du Manitoba
50.	Brief	Collège de Saint-Boniface
51.	Brief	Cercle Molière de Saint-Boniface
52.	Brief	Association des Anciens Élèves du Collège de Saint-Boniface
53.	Brief	Jack St. John, M.L.A., Winnipeg
54.	Brief	M. F. Shapiro, Winnipeg
55.	"Government and Mass Communication", submission to the House of Commons Special Committee on Broadcasting by the Canadian Weekly Newspapers Association, February, 1953	Jack St. John, M.L.A., Winnipeg
56.	Brief	Manitoba Provincial Federation of Labor, TLC-AFL, Winnipeg and District Trades and Labor

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
		Council, TLC, Winnipeg Labor Council, CCL, and the Central Council of the One Big Union
57.	Brief	Canadian Legion of the British Empire Service League, Manitoba and Northwestern Ontario Command, Winnipeg
58.	Brief	School Broadcasts Branch, Department of Education, Saskatchewan
59.	Brief	Canadian Federation of University Women
60.	Brief	Saskatchewan Arts Board
61.	Brief	George R. Bothwell, Bothwell-Hill Co. Ltd., Regina
62.	Brief	Association Catholique Franco-Canadienne de la Saskatchewan
63.	Brief	Société Radio-Gravelbourg Limitée
64.	Brief	Saskatchewan Provincial Committee of the Labor-Progressive Party
65.	Brief	Housewives' Committee on Broadcasting, Regina
66.	Brief	Saskatchewan Wheat Pool
67.	Brief	T. H. Goode, M.P., Burnaby-Richmond, B.C.
68.	Brief	University of British Columbia Television Committee
69.	Brief	British Columbia Parent-Teacher Federation Special Committee on Television
70.	Brief	CKLG, North Vancouver
71.	Brief	Kelowna Arts Council
72.	Brief	CKWX, Vancouver
73.	List of Vancouver sponsors on KVOH-TV Bellingham, Washington	CKWX, Vancouver
74.	Brief	Vancouver Symphony Society
75.	Brief	Group of Citizens, Nanaimo, B.C.
76.	Brief	British Columbia Association of Broadcasters
77.	Brief	British Columbia Federation of Labour (CCL)
78.	Brief	Donald J. Partridge, Victoria, B.C. (endorsed by Local 247 of American Federation of Musicians Union)

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
79.	Brief	Overture Artists' and Concert Management
80.	Brief	Government of Alberta
81.	Brief	Alberta Federation of Home and School Associations, Inc.
82.	Brief	University of Alberta
83.	Brief	Farmers' Union of Alberta
84.	Brief	Radio-Edmonton Limitée (CHFA)
85.	Brief	Association Canadienne-Française de l'Alberta
86.	Brief	Alberta Provincial Committee of the Labor-Progressive Party
87.	Brief	Alberta Federation of Agriculture
88.	Brief	CJCA, Edmonton
88A.	Telephone survey amongst farm housewives concerning CJCA audience	CJCA, Edmonton
88B.	Letters of appreciation received by CJCA	CJCA, Edmonton
89.	Brief	CFAC, Calgary
90.	Brief	Radio-Prairies-Nord Limitee (CFNS), Saskatoon
91.	Brief	Saskatchewan Farmers Union
92.	Brief	Saskatchewan Women's Christian Temperance Union
93.	Brief	Salvation Army, Saskatoon
94.	Brief	CFQC and CFQC-TV, Saskatoon
95.	History of CFQC	CFQC and CFQC-TV, Saskatoon
96.	Brief	Associated Canadian Travellers
97.	Brief	Saskatoon Community Chest and Council, Inc.
98.	Brief	University of Toronto Television Committee
99.	Brief	Department of French, University of Toronto
100.	Brief	National Progressive Conservative Student Federation
101.	Brief	Toronto Television Owners' Association
102.	Brief	Toronto District Trades and Labor Council and Toronto and Lakeshore Labor Council
103.	Brief	Canadian Wire Service Guild
104.	Brief	Children's Section of Ontario Library Association
105.	Brief	Association France-Canada of Toronto

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
106.	Brief	Young Women's Christian Association
107.	Brief	Imperial Order Daughters of the Empire
108.	Brief	Canadian Mental Health Association
109.	Brief	Bureau of Broadcast Measurement
110.	Brief	American Federation of Musicians of the United States and Canada
110A.	Clipping from Winnipeg Tribune May 29, 1956 "An Ill Wind for Petrillo" by D. Leiterman	American Federation of Musicians of the United States and Canada
110B.	Music Performance Trust Funds, Fourteenth Combined Report and Statements of Trustee	American Federation of Musicians of the United States and Canada
110C.	Article from Canadian Broadcaster and Telescreen April 19, 1956 "CARTB Convention—Syndicated Shows Offer Costly Talent Below Cost"	American Federation of Musicians of the United States and Canada
110D.	Two broadcasting agreements between CBC and AFM: June 1950 and July 1952	American Federation of Musicians of the United States and Canada
111.	Brief	Maple Leaf Gardens Limited
112.	Brief	Canadian Association for Health, Physical Education and Recreation, Inc.
113.	Brief	Group of Students of Jarvis Collegiate Institute, Toronto
114.	Brief	John Spilak, Hamilton
115.	Brief	Opera Festival Association of Ontario
116.	Brief	National Religious Advisory Council of the CBC
117.	Brief	United Church of Canada
118.	Brief	Southam Company Limited
119.	Brief	Canadian Library Association
120.	Brief	Royal Conservatory of Music of Toronto

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
121.	Brief	Association of Canadian Advertisers
122.	Brief	National Council of Young Men's Christian Associations of Canada
123.	Brief	Toronto Broadcasting Company Limited (CKEY)
124.	Brief	Alliance Canadienne, Toronto Branch
125.	Brief	Canadian Girl Guides Association
126.	Brief	Visites Interprovinciales
127.	Brief	Women's Inter-Church Council of Canada
128.	Brief	National Committee of the Labor-Progressive Party
129.	Brief	Lutheran Hour
130.	Brief	Nursery Education Association of Ontario
131.	Brief	Canadian Temperance Federation
132.	Brief	Ben Nobleman, Toronto
133.	Brief	Nova Scotia Federation of Agriculture
134.	Brief	Extension Department of St. Francis Xavier University
135.	Brief	CJCH, Halifax
136.	Brief	Maritime Broadcasting Company Limited (CHNS), Halifax
137.	Brief	Canadian Federation of Newman Clubs
138.	Brief	Halifax Symphony Society
139.	Brief	Maritime Library Association
140.	Brief	Nova Scotia Federation of Home and School Associations
141.	Brief	Canadian Home and School and Parent-Teacher Federation
142.	Brief	National Advisory Council on School Broadcasting
143.	Brief	Island Radio Broadcasting Company Limited (CFCY and CFCY-TV), Charlottetown
144.	Brief	Prince Edward Island Federation of Agriculture
145.	Brief	Charlottetown Board of Trade
146.	Brief	Lt. Col. J. David Stewart, Mayor of Charlottetown
147.	Brief	CFNB, Fredericton
148.	Supplementary Brief	CFNB, Fredericton

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
149.	Brief	Fredericton Branch of the Humanities Association of Canada
150.	Brief	Université Sacré-Cœur
151.	Brief	Association Agricole du District Agronomique n° 3, (N.B.)
152.	Brief	New Brunswick Federation of Agriculture
153.	Brief	Fredericton Council of Churches
154.	Brief	New Brunswick Provincial Council of Women
155.	Brief	Fredericton Branch of the United Nations Association
156.	Brief	L'Evangeline Journal
157.	Brief	Société Nationale de l'Assomption
158.	Brief	Richelieu Club of Campbellton, N.B.
159.	Brief	Association Acadienne d'Éducation
160.	Brief	Association des Instituteurs Acadiens
161.	Brief	Université Saint-Louis
162.	Brief	Université Saint-Joseph
163.	Brief	Conseil de la Vie Française
164.	Brief	Fédération des Sociétés Saint-Jean-Baptiste du Québec
165.	Brief	Association Canadienne de la Radio et de la Télévision de Langue Française
166.	Brief	Chambre de Commerce de Québec
167.	Brief	Association des Professeurs de Carrière de l'Université Laval
168.	Brief	Société Historique de Québec
169.	Brief	Société Saint-Jean-Baptiste de Montréal
170.	Brief	Canadian Chamber of Commerce
171.	Brief	Société des Écrivains Canadiens
172.	Brief	Quebec Federation of Home and School Associations
173.	Brief	Comité de Télévision du Nord-Ouest Québécois
174.	Brief	Quebec Women's Institute, Inc.
175.	Brief	Société d'Étude et de Conférences
176.	Brief	Newfoundland Broadcasting Company Limited (CJON and CJON-TV)

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
177.	Supplementary support for verbal presentation	Newfoundland Broadcasting Company Limited (CJON and CJON-TV)
178.	Brief	Association des Hebdomadaires de Langue Française du Canada
179.	Brief	Corner Brook Chamber of Commerce
180.	Brief	Association Canadienne des Éducateurs de Langue Française
181.	Brief	London Free Press Printing Company Limited (CFPL and CFPL-TV)
181A.	Letter dated Sept. 8, 1956 from Murray T. Brown to Paul Pelletier	London Free Press Printing Company Limited (CFPL and CFPL-TV)
182.	Brief	Paroissiens de l'Immaculée Conception, Montréal
183.	Brief	CJOR, Vancouver
184.	Brief	Comité Provincial du Parti Ouvrier Canadien, P.Q.
185.	Brief and Annex (summary modifying slightly some of the points in the main brief)	Éditions de l'Hexagone
186.	Brief	Frontier Television Limited, Montreal
187.	Brief	Association Canadienne des Bibliothécaires de Langue Française
188.	Brief	Canadian Marconi Company (CFCF), Montreal
189.	Chart showing TV channel allocations in the United States and Canada	Canadian Marconi Company (CFCF), Montreal
190.	Brief	Canadian Association of University Teachers
191.	Brief	Canadian Protestant League
192.	Brief	CKAC, Montreal
193.	Brief	Confédération des Travailleurs Catholiques du Canada
194.	Brief	Société Canadienne d'Éducation des Adultes
195.	Brief	Fédération des Chambres de Commerce des Jeunes de la Province de Québec
196.	Brief	Quebec Farm Forum Association

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
197.	Brief	CJAD, Montreal
198.	Supplementary brief	CJAD, Montreal
199.	Brief	Université Laval
200.	Brief	National Council of Women of Canada
201.	Brief	Canadian Association of Con- sumers
202.	Brief	Association Professionnelle des Industriels
203.	Brief	Canadian Federation of Agri- culture
204.	Brief	Radio - Electronics - Television Manufacturers Association of Canada
205.	Brief	Canadian Citizenship Council
206.	Brief	Citizens' Committee on Children (Ottawa)
207.	Brief	Dr. A. R. M. Lower, Queen's University
208.	Brief	Canadian Association of Con- sumers, Ontario Branch
209.	Brief	Canadian Arts Council
210.	Brief	Canadian Council of Authors and Artists
211.	Telegram from CARTB to Canadian Arts Council.	Canadian Arts Council
212.	Brief	Dominion Drama Festival
213.	Brief	Canadian Association for Adult Education
214.	Brief	Ottawa Council of Churches
215.	Brief	Association of Radio and Tele- vision Employees of Canada (NABET — CLC)
216.	Brief	National Association of Broad- cast Employees and Tech- nicians (AFL — CIL, CCL)
217.	"The Case for Freedom of Information" pamphlet published by the Canadian Association of Broadcasters.	National Association of Broad- cast Employees and Tech- nicians (AFL — CIL, CCL)
218.	Copy of a script for a radio commercial (example of excessive commercial- ism).	National Association of Broad- cast Employees and Tech- nicians (AFL — CIL, CCL)
219.	Brief	Group of Citizens of Kingston, Ont.

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
220.	Brief	Chambre de Commerce de Maniwaki
221.	Brief	National Ballet Guild of Canada
222.	Brief (with supplement).	Fédération des Associations de Parents et d'Instituteurs de Langue Française d'Ontario
223.	Map showing locations of local associations, French radio stations, and television stations.	Fédération des Associations de Parents et d'Instituteurs de Langue Française d'Ontario
224.	Brief	Canadian Film Institute
225.	Brief	Co-operative Union of Canada
226.	Brief	CKLB, Oshawa (Lakeland Broadcasting Company Limited)
227.	Brief	Canadian Welfare Council
228.	Brief	CKVL, Verdun
229.	Brief	Zenith Radio Corporation and Teco, Inc., Chicago, Ill., U.S.
230.	Statement of Paul A. Porter.	Trans Canada Telemeter Limited, Toronto, Ont.
231.	Comments of International Telemeter Corporation before the FCC, Docket No. 11279.	Trans Canada Telemeter Limited, Toronto, Ont.
232.	Memorandum	Theatre Owners Association of Quebec, Inc.
233.	Statement by James M. Landis.	Skiatron Electronics and Television Corporation
234.	Brief	Comité Diocésain d'Action Catholique et d'Apostolat laïc, Ottawa
235.	Brief	Ottawa Newman Club
236.	Brief	Roy Ward Dickson Independent TV Productions
237.	Brief	Industrial Development Board of Greater Winnipeg
238.	Brief	Creighton Aquin, Boston. Mass.
239.	Brief	Oshawa Chamber of Commerce
240.	Brief	S. A. Blangstad, Toronto
241.	Brief	Zbigniew Malecki, Montreal
242.	Brief	University of British Columbia Radio and TV Society
243.	Brief	North York Home and School Council
244.	Brief	CKOC, Hamilton
245.	Brief	Mrs. Mary H. O'Brien, Victoria
246.	Brief	A. M. Burston, Toronto

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
247. Brief		Anglican Church of Canada
248. Brief		Saskatchewan Library Association
249. Brief		Canadian Radio and Television League
250. Brief		University Women's Club of Calgary
251. Brief		Associated Boards of Trade of Central British Columbia and the Yukon
252. Brief		Canadian General Council of the Boy Scouts Association
253. Brief		Priory of Canada of the Most Venerable Order of the Hospital of Saint John of Jerusalem
254. Brief		Canadian Council of Churches
255. Brief		Saskatchewan Federation of Labour, CCL
256. Brief		Business Girl's Sodality of Our Lady of Fatima, Sydney, N.S.
257. Brief		Association des Étudiants Acadiciens de Québec
258. Brief		Western Federation of the Sir Ernest MacMillan Clubs
259. Brief		Saint Catharines and District Chamber of Commerce
260. Brief		Community Arts Council of Vancouver
261. Brief		Alliance Française de Toronto and French Cine Club of Toronto
262. Brief		Regina Library Association
263. Brief		Canadian Arab Friendship League
264. Brief		John J. Pollock and Howard A. Prentice, St. Catharines
265. Brief		Bernard Benoist, Montreal
266. Brief		Humanities Association of Canada
267. Brief		Jeune Commerce de Chicoutimi
268. Brief		Académie Canadienne-Française, Montréal
269. Brief		Humanities Association of Canada, Winnipeg Branch
270. Brief		V. M. Snow, Winnipeg
271. Brief		Knights of Columbus, Ontario State Command

Appendix V

<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
272.	Brief	Windsor-Essex-Kent Regional Committee of the Labor- Progressive Party
273.	Brief	Men's Musical Club of Winnipeg, Limited
274.	Brief	Arthur J. Ceretti, Winnipeg
275.	Brief	Group of Citizens, Winnipeg
276.	Brief	Alex S. Mowat, Dalhousie Uni- versity
277.	Brief	W. James Beale, Montreal
278.	Brief	Community Welfare Council of Windsor
279.	Brief	CKCK and CKCK-TV, Regina
280.	Brief	Dauphin Chamber of Commerce
281.	Brief	Canadian Broadcaster and Tele- screen
282.	Brief	Dr. J. J. Cada, Ottawa
283.	Brief	Canadian Federation of Mayors and Municipalities
284.	Brief	Property Owners Association of Calgary
285.	Brief	Ron Gostick, Flesherton, Ont.
286.	Brief	Canadian Red Cross Society
287.	Brief	Ontario Modern Language Teachers' Association
288.	Brief	R. J. Bruce, Val d'Or
289.	Brief	Mrs. Leo F. Cain, Fredericton
290.	Brief	J. Findlay, Toronto (Chartered Engineers of Ontario)
291.	Brief	Chambre de Commerce de Chicoutimi
292.	Brief	Miss Barbara May, Alymer East, P.Q.
293.	Brief	Saskatchewan Agricultural Societies' Association
294.	Brief	CJVI, Victoria
295.	Brief	Community Chest of Greater Toronto
296.	Brief	Canadian Mental Health Associa- tion, Saskatchewan Division
297.	Brief	Canadian Retail Federation
298.	Brief	Canadian Lutheran Council, Division of Public Relations
299.	Brief	C. Syd Matthews, Toronto
300.	Brief	Miss Deborah Bogue, Ottawa
301.	Brief	Northwestern Ontario Regional Committee of the Labor- Progressive Party

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<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
302.	Brief	Fédération des Caisses Populaires Acadiennes Limitée, Caraquet, N.-B.
303.	Brief	Newfoundland Board of Trade
304.	Brief	Society of Music Enthusiasts, Toronto
305.	Brief	Osmond K. Kendall, Ottawa
306.	Supplementary Submission.	Canadian Labour Congress
307.	Letter dated May 8, 1956 from Robert- son Davies to Paul Pelletier, <i>re</i> mention of CHEX, Peterborough strike in CLC brief.	The Chairman
308.	"Freedom of the Air" by Basil Dean, reprinted from the Calgary Herald....	CARTB
309.	The Report on Radio (Massey Report), Winnipeg Free Press Pamphlet No. 36.	CARTB
310.	Control of Broadcasting — an Urgent Canadian Problem.	CARTB
311.	Draft Act entitled "The Canadian Tele- communications Act".	CARTB
312.	Supplement No. 16 to submission by CARTB.	CARTB
313.	Some comments on the CBC memoran- dum to the Royal Commission.	CARTB
314.	Some comments on the brief of the Canadian Radio and Television Lea- gue to the Royal Commission, by Dr. Marcus Long, University of Toronto.	CARTB
315.	Some comments on the Canadian Labour Congress Submissions.	CARTB
316.	Supplement No. 20 to submission by CARTB.	CARTB
317.	Letter dated Sept. 25, 1956 from Gordon Ferris to T. J. Allard, <i>re</i> CBC programme "assignment"	CARTB
318.	"Analyzing the Havana Treaty", speech by Keith A. MacKinnon, August, 1944.	CBC
319.	Letter dated October 11, 1956 from T. J. Allard to R. M. Fowler, <i>re</i> plans for a private network sub- mitted to CBC prior to establishment of the Dominion Network.	CARTB

Appendix V

<i>No.</i>	<i>Exhibit</i>	<i>Filed By</i>
320.	Brief	Progressive Conservative Business Women's Club of Ottawa and District
321.	Brief	CKOV, Kelowna, B.C.
322.	Brief	Fort William Chamber of Com- merce
323.	Brief	Canadian League of Composers
324.	Brief	Fédération Canadienne Française de la Colombie-Britannique
325.	Brief	Université de Montréal

Appendix VI

Canadian Allocations Under the “Canadian-U.S.A. Television Agreement”

(Channels 2 to 13 are in the VHF—very high frequency band, while channels 14 to 83 are in the UHF—ultra high frequency band. Bold type indicates that a licence has been granted for the operation of a television station.)

<i>City</i>	<i>Channel No.</i>
ALBERTA	
Calgary	2 , 4, 10, 12, 17, 23, 29, 35
Edmonton	3 , 5, 11, 13
Grande Prairie	2
Lacombe	8
Lethbridge	7, 22
Medicine Hat	6 , 15
BRITISH COLUMBIA	
Chilliwack	3, 42
Cranbrook	19
Fernie	24
Kamloops	4 , 16
Kelowna	13, 21
Nanaimo	48
Nelson	5, 17
New Westminster (see Vancouver)	
Penticton	15
Port Alberni	19
Prince Rupert	6, 7
Trail	11, 14
Vancouver-New Westminster	6 ¹ , 8, 10, 14, 30, 36
Vernon	2, 27
Victoria	2 ² , 40, 46
MANITOBA	
Brandon	5, 9, 11, 21, 32
Flin Flon	3
Dauphin	8, 14
Portage la Prairie	34
St. Boniface (see Winnipeg)	
Winnipeg-St. Boniface	4, 6, 7, 13, 18, 24, 30, 36, 42

¹ Transferred to Victoria.

² Transferred to Vancouver.

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	City	Channel No.
NEW BRUNSWICK		
Campbellton	12, 20	
Edmundston	10, 27	
Fredericton	9, 28	
Moncton	16	
Newcastle	18	
St. John	4, 6, 17, 23	
St. Stephen	26	
Sackville	8, 22	
Woodstock	36	
NOVA SCOTIA		
Amherst	41	
Antigonish	9, 34	
Bridgewater	10, 43	
Halifax	3, 5, 12, 15, 21, 27, 37	
Kentville	19	
New Glasgow	18	
Sydney	21, 4, 6, 15, 21	
Truro	31	
Windsor	25	
Yarmouth	13, 14	
ONTARIO		
Barrie	14	
Belleville	39	
Brantford	16	
Brockville	46	
Chatham	14	
Cornwall	36	
Fort Frances	5, 19	
Fort William (see Port Arthur)		
Guelph	55	
Hamilton	13 ² , 51, 57, 68, 78	
Kenora	9, 22	
Kingston	26, 44	
Kitchener	45	
Kirkland Lake	9	
London	10, 18	
Niagara Falls	29	
North Bay	10, 15	
Oshawa	53	
Orillia	3 ³ , 30	

¹ Transferred to Moncton.

² Transferred to Kitchener.

³ Transferred to Barrie.

Appendix VI

<i>City</i>	<i>Channel No.</i>
ONTARIO—Con.	
Ottawa-Hull	4, 9, 11 ¹ , 30, 40
Owen Sound	8 ² , 26
Pembroke	13, 32
Peterborough	12 ³ , 22
Port Arthur-Ft. William	2, 4, 14, 20, 30
St. Catharines	49
St. Thomas	24
Sarnia	40
Sault Ste. Marie	2, 12, 22
Smith's Falls	42
Stratford	27
Sudbury	5, 7, 17, 23
Timmins	6
Toronto	6, 9, 11 ⁴ , 19, 25
Windsor	9, 32, 38
Wingham	36
Woodstock	47
PRINCE EDWARD ISLAND	
Charlottetown	13, 14
Summerside	11, 20
QUEBEC	
Chicoutimi	2, 12, 14
Drummondville	19
Granby	25
Hull (see Ottawa, Ont.)	
Jonquière	20
Matane	23
Montreal-Verdun	2, 6, 7 ⁵ , 10, 12, 15, 44
New Carlisle	2, 14
Quebec	4, 5, 9, 11, 29, 39
Rivière du Loup	6, 30
Rimouski	3, 21
Roberval	17
St. Hyacinthe	50
Ste. Anne de la Pocatière	13, 33
Shawinigan Falls	27
Sherbrooke	42, 48

¹ Transferred to Kingston.

² Transferred to Wingham.

³ Although this channel was not allocated to Peterborough under the original agreement, the U.S. Federal Communications Commission agreed to channel 12 being used there provided this did not interfere with stations at Erie, Pa., and Binghamton, N.Y., to which channel 12 had been allocated under the agreement.

⁴ Transferred to Hamilton.

⁵ Transferred to Sherbrooke.

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<i>City</i>	<i>Channel No.</i>
SASKATCHEWAN	
Gravelbourg	22
Moose Jaw	4, 7, 18, 24
North Battleford	3
Prince Albert	11
Regina	2, 9, 12, 21, 27
Saskatoon	8, 13
Swift Current	14
Watrous	6, 30
Yorkton	3, 15

Appendix VII

Canadian Allocations of Frequency Modulation Channels under Canada-U.S. Frequency Modulation Agreement

Channel Number	Allocation Plan		Assignments
	Freq. in MC/S	General Area	
216	91.1	(Educational F.M.)	CJRT-FM — Ryerson Institute of Technology, Toronto, Ont.
220	91.9	Kingston, Ont.	CFRC-FM — Queens University, Kingston, Ont.
221	92.1	Yarmouth, N.S., Sydney Mines, N.S., Newcastle, N.B., Megantic, Que., Chicoutimi, Que., Brantford, Ont., Toronto, Ont., Ottawa-Hull, Windsor, Ont., Winnipeg, Man., Saskatoon, Sask., Vancouver, B.C., Dawson City, Yukon, Yellowknife, N.W.T.,	CKPC-FM — Brantford, Ont.
222	92.3	Halifax, N.S., Owen Sound, Ont., Flin Flon, Man., Vernon, B.C.	
223	92.5	Antigonish, N.S., Edmundston, N.B., Montreal, Que., Sudbury, Ont., White Horse, Yukon	
224	92.7	London-St. Thomas Pembroke, Ont., Fort Frances, Ont., Edmonton, Alta.	
225	92.9	North Sydney, N.S., Chatham, N.B., Chicoutimi, Que., New Liskeard, Ont., Dauphin, Man.	

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<i>Channel Number</i>	<i>Allocation Plan</i>		<i>Assignments</i>
	<i>Freq. in MC/S</i>	<i>General Area</i>	
226	93.1	Bridgewater, N.S. Thetford, Que. Ottawa-Hull Brantford, Ont. Saskatoon, Sask.	
227	93.3	Stellarton, N.S. Edmundston, N.B. Owen Sound, Ont.	
228	93.5	Montreal, Que. London-St. Thomas Oshawa, Ont. Kenora, Ont. Medicine Hat, Alta. North Vancouver, B.C.	
229	93.7	Sackville, N.B. Arvida, Que. Kirkland Lake, Ont.	
230	93.9	New Waterford, N.S. Ottawa-Hull Windsor, Ont.	CFRA-FM — Ottawa, Ont. CKLW-FM — Windsor, Ont.
231	94.1	Liverpool, N.S. Quebec City, Que. Hamilton, Ont. Regina, Sask.	
232	94.3	Campbellton, N.B. Montreal, Que. London-St. Thomas { Fort William, Ont. Port Arthur, Ont. Winnipeg, Man. Lethbridge, Alta.	CKPR-FM — Fort William
233	94.5	Westville, N.S. Timmins, Ont.	CKGB-FM — Timmins, Ont.
234	94.7	Drummondville, Que. Kenogami, Que. Calgary, Alta.	
235	94.9	Sydney, N.S. Amherst, N.S. North Bay, Ont. Regina, Sask.	CJCB-FM — Sydney, N.S.
236	95.1	Montreal, Que. Chatham, Ont. Barrie, Ont.	CBF-FM — Montreal, P.Q.

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<i>Channel Number</i>	<i>Allocation Plan</i>		<i>Assignments</i>
	<i>Freq. in MC/S</i>	<i>General Area</i>	
237	95.3	New Glasgow, N.S. Woodstock, N.B. Niagara Falls, Ont. Belleville, Ont. Nanaimo, B.C.	
238	95.5	Sorel, Que. Wingham, Ont.	
239	95.7	Glace Bay, N.S. Jonquiere, Que. Sturgeon Falls, Ont. Moose Jaw, Sask.	
240	95.9	Moncton, N.B. Montreal, Que. London-St. Thomas Orillia Ont. Calgary, Alta Powell River, B.C.	CFPL-FM — London, Ont.
241	96.1	Brandon, Man. Halifax, N.S.	CHNS-FM — Halifax, N.S.
242	96.3	Sorel, Que. Kingston, Ont.	CKWS-FM — Kingston, Ont.
243	96.5	Windsor, N.S. Rouyn, Que.	
244	96.7	Bagotville, Que. Kitchener, Ont. Red Deer, Alta. Port Alberni, B.C.	CKCR-FM — Kitchener, Ont.
245	96.9	Pictou, N.S. Montreal, Que. Kapuskasing, Ont. Regina, Sask.	CKVL-FM — Verdun, P.Q.
246	97.1	Belleville, Ont. Kelowna, B.C.	
247	97.3	Dominion, N.S. Bathurst, N.B. Quebec City, Que. Galt, Ont.	
248	97.5	St. Joseph's d'Alma Que. Sarnia, Ont. Winnipeg, Man.	

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<i>Channel Number</i>	<i>Allocation Plan</i>		<i>Assignments</i>
	<i>Freq. in MC/S</i>	<i>General Area</i>	
249	97.7	Fredericton, N.B. Montreal, Que. Sudbury, Ont. St. Catharines, Ont. Moose Jaw, Sask. Vancouver, B.C.	CKTB-FM — St. Catharines
250	97.9		
251	98.1	Dartmouth, N.S. Quebec City, Que. Ste. Agathe des Monts, Que. Val d'Or, Que. Toronto, Ont. Edmonton, Alta.	CHRC-FM — Quebec, P.Q. CKUA-FM — Edmonton, Alta.
252	98.3	Roberval, Que. Stratford, Ont. Winnipeg, Man. Kamloops, B.C.	
253	98.5	Fredericton, N.B. Montreal, Que. Swift Current, Sask. Victoria, B.C.	CKDA-FM — Victoria, B.C.
254	98.7		
255	98.9	Springhill, N.S. Grande Prairie, Alta.	
256	99.1	Quebec City, Que. Toronto, Ont. St. Boniface, Man. Saskatoon, Sask.	CBC-FM — Toronto, Ont.
257	99.3	St. John, N.B. Montreal, Que. Vancouver, B.C.	
258	99.5	Port Alfred, Que. Kingston, Ont. Edmonton, Alta.	CKLC-FM — Kingston, Ont. CJCA-FM — Edmonton, Alta.
259	99.7	Sherbrooke, Que. Regina, Sask.	
260	99.9	Halifax, N.S. Baie St. Paul, Que. Toronto, Ont. Prince Rupert, B.C.	CFRB-FM — Toronto, Ont.
261	100.1	Joliette, Que.	

Appendix VII

<i>Channel Number</i>	<i>Freq. in MC/S</i>	<i>Allocation Plan General Area</i>	<i>Assignments</i>
262	100.3	Matane, Que. Niagara Falls, Ont. Transcona, Man. Edmonton, Alta.	CFRN-FM — Edmonton, Alta.
263	100.5	St. John, N.B. Sault Ste. Marie, Ont.	
264	100.7	Montreal, Que. Toronto, Ont. Chatham, Ont. Prince Albert, Sask. Prince George, B.C.	CBM-FM — Montreal, Que.
265	100.9	Lethbridge, Alta.	
266	101.1	Kentville, N.S. Quebec City, Que. Hamilton, Ont. Brockville, Ont. New Westminster, B.C.	
267	101.3		
268	101.5	Rimouski, Que. Sarnia, Ont. Peterborough, Ont. Kirkland Lake, Ont. Portage la Prairie, Man. North Battleford, Sask.	CJBR-FM — Rimouski, Que.
269	101.7	St. John, N.B. Sherbrooke, Que. Ottawa-Hull Welland, Ont. Kenora, Ont. Dawson Creek, B.C.	
270	101.9	St. Jerome, Que. Chilliwack, B.C.	
271	102.1	Summerside, P.E.I. Toronto, Ont. Brockville, Ont. Calgary, Alta.	
272	102.3	Shawinigan Falls, Que. Mont Joli, Que. Stratford, Ont. Timmins, Ont. Winnipeg, Man.	

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Channel Number	Allocation Plan		Assignments
	Freq. in MC/S	General Area	
273	102.5	St. John, N.B. Ottawa-Hull Victoria, B.C.	
274	102.7	Sherbrooke, Que. { Fort William, Ont. Port Arthur, Ont.	
275	102.9	Hamilton, Ont.	
276	103.1	Shawinigan Falls, Que. New Carlisle, Que. Winnipeg, Man. Calgary, Alta.	CJOB-FM — Winnipeg, Man.
277	103.3	Ottawa-Hull	CBO-FM — Ottawa, Ont.
278	103.5	Sherbrooke, Que. Guelph, Ont. { Fort William, Ont. Port Arthur, Ont. Vancouver, B.C.	
279	103.7	Donnacona, Que.	
280	103.9	Moncton, N.B. Lachute, Que. Brandon, Man. Calgary, Alta.	
281	104.1		
282	104.3	Three Rivers, Que. (Fort William, Ont. Prince Albert, Sask. Port Arthur, Ont.	
283	104.5	Truro, N.S. Toronto, Ont. Cornwall, Ont. Sault Ste. Marie, Ont. Princeton, B.C.	CKSF-FM — Cornwall, Ont.
284	104.7	La Tuque, Que.	
285	104.9	Sussex, N.B. St. Jean, Que. St. Catharines, Ont. Selkirk, Man. Victoria, B.C. Nelson, B.C.	
286	105.1	Montmagny, Que. Windsor, Ont.	
287	105.3	Toronto, Ont.	

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<i>Channel Number</i>	<i>Allocation Plan</i>		<i>Assignments</i>
	<i>Freq. in MC/S</i>	<i>General Area</i>	
288	105.5	Charlottetown, P.E.I. Sudbury, Ont.	
289	105.7	St. Catharines, Ont. The Pas, Man. Vancouver, B.C. Trail, B.C.	CBU-FM — Vancouver, B.C.
290	105.9	Three Rivers, Que. Edmonton, Alta.	
291	106.1	Halifax, N.S. Kitchener, Ont.	
292	106.3	Ste. Anne de la Poca- tiere, Que. North Bay, Ont. Yorkton, Sask.	
293	106.5	Sydney, N.S. Montreal, Que. Vancouver, B.C.	CFCF-FM — Montreal, Que.
294	106.7	Windsor, Ont. Peterborough, Ont. Rossland, B.C.	
295	106.9	Halifax, N.S. Woodstock, Ont.	
296	107.1	Stg. Hyacinthe, Que. Riviere du Loup, Que. Melville, Sask.	
297	107.3	Charlottetown, P.E.I. Pembroke, Ont.	
298	107.5	St. Stephen, N.B. Oshawa, Ont. Penticton, B.C.	
299	107.7	Cornwall, Ont.	
300	107.9	Dalhousie, N.B. Granby, Que. Hamilton, Ont. Weyburn, Sask.	

Appendix VIII

Radio and Television Stations in Canada

THIS Appendix includes the location, type, call sign, ownership, frequency, power and network affiliation of all radio and television stations in Canada.

Also included at the end of this Appendix are five maps showing the three radio networks and their affiliates, the location of all unaffiliated radio stations, and the television networks of which all television stations form a part.

The following explanations are designed to facilitate use of the table.

<i>Location</i>	Stations listed alphabetically by location by Provinces west to east. C — Station under construction
<i>Type</i>	AM (Amplitude Modulated sound broadcasting station) FM (Frequency Modulated sound broadcasting station) SW (Short Wave sound broadcasting station) TV (Television broadcasting station) <i>NOTE:</i> All FM stations broadcast the same programmes as their associated AM stations.
<i>Call Sign</i>	Identification of station
<i>Individual-Licensee</i> <i>Company</i>	Individual or licensee company to whom licence has been granted.
<i>Ownership</i>	Proportion of ownership indicated. * Director
<i>Frequency</i>	AM Station — kilocycles (kc/s) FM Station — megacycles (mc/s) TV Station — megacycles (mc/s)
<i>Power</i>	Station power in watts. D — Daytime operation only N — Nighttime operation only DA — Directional Antenna DA-1 — Directional Antenna — Same pattern day and night. DA-2 — Directional Antenna — Different patterns for day and night. DA-N — Directional Antenna — Required for nighttime only.

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Network Where station is affiliated with a network, the network is listed, abbreviated as follows:

- T/Can — Trans Canada Network
- Dom. — Dominion Network
- French — French Network
- MBS — Mutual Broadcasting System (U.S. network)
- CBS — Columbia Broadcasting System (U.S. network)
- ABC — American Broadcasting Company (U.S. network)
- Supp. "B" — Network commercial carried at option of advertiser.

RADIO AND TELEVISION STATIONS IN CANADA NUMBER AND LOCATION

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
BRITISH COLUMBIA						
Chilliwack.....	AM	CHWK	Fraser Valley Broadcasters Limited..... *J. Pilling..... 73.4% *A. McL. Guinet..... 0.5% 4 shareholders..... 26.1%	1270	1,000 DA-1	Dom.
Dawson Creek...	AM	CJDC	Radio Station CJDC (Dawson Creek, B.C.) Limited..... *W. B. Michaud..... 27.2% B. M. Michaud..... 45.4% *H. Michaud..... 9.1% W. L. Michaud..... 9.1% W. R. Michaud..... 9.1% *W. C. Bowie..... 0.1% W. A. McClellan..... 0.1%	1350	1,000	T/Can
Kamloops.....	AM	CFJC	Kamloops Sentinel Limited..... Inland Holding Co. Ltd..... 98.0% *Carmen White..... 1.3% *Ronald White..... 0.7% Inland Holding Co. Ltd Ronald White..... 50.0% Kamloops Sentinel Ltd..... 49.9% Carmen White..... 0.1%	910	1,000	T/Can
Kamloops (c)...	TV	CFCR-TV	Twin Cities Television Limited..... *Ian G. Clark..... 40.0% *Myrtle E. Clark..... 40.0% *Jean C. Ross..... 20.0%	Channel 4 67.26 video 71.76 audio	100 50	TV
Kelowna.....	AM	CKOV	Okanagan Broadcasters Limited..... *Mrs. G. T. B. Browne..... 66.5% *J. H. B. Browne..... 10.3% *Mrs. M. E. Bews..... 0.1% *H. F. Chapin..... 0.2% *D. Reid..... 0.1% *B. E. Hardie..... 0.1% 122 shareholders..... 22.7%	630	1,000	T/Can

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
BRITISH COLUMBIA—Continued						
Nanaimo.....	AM	CHUB	Standard Broadcasting Company Limited.....	1570	1,000 DA-1	None
			Sun Publishing Co. Limited.. 84.9%			
			*C. J. Rudd..... 7.5%			
			*D. C. Cromie..... 0.02%			
			*C. F. Bailey..... 0.02%			
			*H. F. Gates..... 0.02%			
			*D. Davis..... 0.02%			
			*L. Beever-Potts..... 0.02%			
			Sheila Hassell..... 7.5%			
Nelson.....	AM	CKLN	News Publishing Company Limited.....	1240	250	T/Can
			Estate of R. F. Green..... 43.0%			
			*R. H. Green..... 33.6%			
			*C. W. Ramsden..... 0.7%			
			*G. A. Green..... 1.0%			
			*R. F. Green..... 1.0%			
			*E. S. Planta..... 0.3%			
			*F. W. Winslow..... 0.1%			
			*R. W. Phipps..... 0.1%			
			Mrs. V E. Cox..... 20.2%			
New Westminster	AM	CKNW	International Broadcasting Co. Limited.	1320	5,000 DA-1	None
			Inglewood Investments Ltd.. 66.7%			
			Muro Investments Ltd..... 33.3%			
			Inglewood Investments Ltd.			
			*Emily Griffiths..... 50.0%			
			*Isabel Madden..... 25.0%			
			*Olive Crighton..... 25.0%			
			Muro Investments Ltd.			
			*Walter S. Owen Q.C..... 50.0%			
			*William Murphy Q.C..... 50.0%			
North Vancouver	AM	CKLG	Lions Gate Broadcasting Ltd.....	1070	1,000 DA-1	None
			*A. E. Gibson..... 25.0%			
			*J. G. Gibson..... 25.0%			
			*J. L. Gibson..... 25.0%			
			*W. C. Gibson..... 25.0%			
Penticton.....	AM	CKOK	CKOK Limited.....	800	500N 1,000D	Dom.
			*Maurice P. Finnerty..... 34.5%			
			*Roy G. Chapman..... 33.4%			
			*H. Geddes..... 1.6%			
			*Grant B. King..... 4.0%			
			Mrs. M. Finnerty..... 5.4%			
			15 shareholders..... 21.1%			
Port Alberni....	AM	CJAV	CJAV Limited.....	1240	250	None
			*H. E. Warren..... 34.4%			
			*C. J. Rudd..... 15.6%			
			*K. H. R. Hutcheson..... 25.0%			
			*Dolly M. Warren..... 25.0%			
Prince George...	AM	CKPG	Radio Station CKPG Limited.....	550	250	T/Can
			*C. G. Elphicke..... 6.7%			
			*F. H. Elphicke..... 43.6%			
			*Robert R. Keay..... 25.6%			
			9 shareholders..... 24.1%			

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
BRITISH COLUMBIA —Continued						
Prince Rupert....	AM	CFPR	Canadian Broadcasting Corporation....	1240	250	T/Can
Quesnel (c).....	AM	CKCQ	Cariboo Broadcasting Limited..... *J. Fred Weber..... 50.0% *James H. Ritchie..... 50.0%	570	1,000 DA-2	None
Trail.....	AM	CJAT	Kootenay Broadcasting Company Limited..... Estate of B. A. Stimmel..... 63.9% Harriet E. Stimmel..... 1.0% *J. K. Cram..... 1.3% *S. W. Davis..... 3.5% *H. Doyle..... 0.9% *W. C. Harvey..... 0.9% *A. S. Mawdsley..... 0.4% *E. M. Stiles..... 0.4% *W. Thomson, Jr..... 0.9% J. M. O'Brien..... 8.8% 19 Shareholders..... 18.0%	610	1,000	T/Can
Vancouver.....	AM	CFUN	Radio C-FUN Ltd..... *R. R. Keay..... 6.8% *W. J. Borrie..... 2.3% *A. M. McGavin..... 2.3% *S. G. Ross..... 2.3% F. H. Elphicke..... 11.4% There are a number of shareholders who are employees of other stations. The Board has been informed that these are personal holdings and do not represent holdings for their employers.	1410	1,000	None
Vancouver.....	AM	CBU	Canadian Broadcasting Corporation....	690	10,000 DA-1	T/Can
Vancouver.....	AM	CJOR	CJOR Limited..... *G. C. Chandler..... 99.0% *Mrs. M. Chandler..... 0.4% *A. H. Chandler..... 0.3% *W. H. K. Edmonds..... 0.3%	600	5,000 DA-1	Dom.
Vancouver.....	AM	CKWX	CKWX Radio Ltd..... *A. Holstead..... 50.0% *H. R. Carson..... 16.6% *J. M. Taylor..... 16.7% H. E. Pearson..... 16.6% F. H. Elphicke..... 0.1%	980	5,000 DA-1	MBS
Vancouver.....	FM	CBU-FM	Canadian Broadcasting Corporation....	105.7	750	T/Can
Vancouver.....	SW	CBUX	Canadian Broadcasting Corporation....	6160	500 DA	None

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
BRITISH COLUMBIA—Concluded						
Vancouver.....	SW	CKFX	CKWX Radio Ltd..... (See CKWX for ownership)	6080	10	None
Vancouver.....	TV	CBUT	Canadian Broadcasting Corporation. . .	Channel 2 55.26 video 59.76 audio	47,600 25,400	TV
Vernon.....	AM	CJIB	Interior Broadcasters Ltd..... *C. H. Pitt..... 27.1% *W. E. McCubbin..... 16.4% *B. M. Whyte..... 13.7% *R. W. Neil..... 5.1% I. M. Mutrie..... 16.4% H. J. Davies..... 10.1% 8 shareholders..... 11.2%	940	1,000	Dom.
Victoria.....	AM	CKDA	Capital Broadcasting System Limited. . . *David M. Armstrong..... 99.8% *G. M. Reid..... 0.1% *J. J. Proudfoot..... 0.1%	1280	5,000 DA-1	None
Victoria.....	AM	CJVI	Island Broadcasting Company Limited. . *J. M. Taylor..... 25.0% *W. M. Guild..... 25.0% *H. R. Carson..... 25.0% *H. E. Pearson..... 25.0%	900	5,000 DA-1	Dom.
Victoria.....	FM	CKDA-FM	Capital Broadcasting System Limited (See CKDA for ownership)	98.5	370	None
Victoria.....	TV	CHEK-TV	CHEK-TV Limited..... *David M. Armstrong..... 58.4% *Charles R. White..... 20.8% *M. M. Mathisen..... 20.8%	Channel 6 83.25 video 87.75 audio	1,800 900	TV
ALBERTA						
Calgary.....	AM	CFAC	Calgary Broadcasting Company Limited The Southam Company Limited..... 60.0% Taylor, Pearson and Carson Broadcasting Co. Limited. 39.8% *H. R. Carson..... 0.1% *Hugh E. Pearson..... 0.1% *B. Dean..... nil *E. L. Harvie..... nil *F. Polley..... nil	960	5,000 DA-N	T/Can Supp. B
Calgary.....	AM	CKXL	CKXL Limited..... *F. Shaw..... 50.04% Tel-Ray Limited..... 49.95% *A. R. MacKenzie..... 0.01%	1140	1,000 DA-N	None

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ALBERTA—Continued						
Calgary.....	AM	CFCN	The Voice of the Prairies Limited..... *H. G. Love..... 17.5% *Mrs. M. Love..... 2.5% *J. A. Love..... 20.0% The Western Printing & Lithographing Co. Ltd.... 40.0% *W. M. Love..... 20.0% The Western Printing & Lithographing Co. Ltd.— H. G. Love..... 99.7% J. A. Love..... 0.1% W. M. Love..... 0.1% F. E. Maxie..... 0.1%	1060	10,000 DA-N	Dom.
Calgary.....	SW	CFVP	The Voice of the Prairies Ltd..... (See CFCN for ownership)	6030	100	None
Calgary.....	TV	CHCT-TV	Calgary Television Limited..... *H. R. Carson..... 0.1% *St. Clair Balfour..... 0.1% The Southam Company Limited..... 19.8% Taylor, Pearson and Carson..... 13.3% CKXL Limited..... 33.1% *F. R. Shaw..... 0.1% *A. R. McKenzie..... 0.1% *H. G. Love..... 7.2% Mrs. M. Love..... 3.8% *J. A. Love..... 5.8% W. N. Love..... 6.4% G. L. Carter..... 5.2% Mrs. Flora Carter..... 0.6% R. W. Lamb..... 2.9% Mrs. Emma Bruce..... 1.5%	Channel 2 55.26 video 59.76 audio	100,000 50,000	TV
Camrose.....	AM	CFCW	Camrose Broadcasting Company Limited *H. J. Yerxa..... 61.2% *R. G. Byers..... 5.0% *E. W. Schnell..... 5.0% *J. E. Stuart..... 5.0% 24 shareholders..... 23.8%	1230	250	None
Edmonton.....	AM	CBX	Canadian Broadcasting Corporation....	1010	50,000 DA-1	T/Can
Edmonton.....	AM	CBXA	Canadian Broadcasting Corporation....	740	250	T/Can
Edmonton.....	AM	CHED	CHED Limited..... *H. M. Sibbald..... 80.0% *Lloyd Moffat..... 10.0% *E. A. Rawlinson..... 10.0%	1080	1,000 DA-N	None

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ALBERTA—Continued						
Edmonton.....	AM	CJCA	Edmonton Broadcasting Company Limited..... The Southam Company Ltd.. 60.0% Taylor and Pearson Broadcasting Company Ltd..... 40.0% *W. A. MacDonald *H. E. Pearson *T. G. Brown	930	5,000 DA-N	T/Can Supp. B
Edmonton.....	AM	CHFA	Radio Edmonton Limitee..... *Mgr. Philip Lussier..... 6.7% *Mgr. Henri Routhier..... 6.7% *Dr. L. O. Beauchemin..... 33.3% *Dr. L. P. Mousseau..... 6.7% *P. Sicotte..... 6.7% *J. W. Beaudry..... 6.7% *A. Morin..... 6.7% *J. M. Fontaine..... 6.7% *A. Dechene..... 6.6% *M. Lavallee..... 6.6% *J. O. Pilon..... 6.6%	680	5,000 DA-I	French
Edmonton.....	AM	CFRN	Sunwapta Broadcasting Company Limited..... *G. R. A. Rice..... 99.8% *Mrs. J. C. Rice..... 0.1% *D. Atkinson..... 0.1%	1260	5,000	Dom.
Edmonton.....	AM	CKUA	University of Alberta..... (Educational non-commercial) Owned by the Gov't of Alberta	580	1,000	None
Edmonton.....	FM	CJCA-FM	Edmonton Broadcasting Company Limited..... (See CJCA for ownership)	99.5	414	T/Can
Edmonton.....	FM	CFRN-FM	Sunwapta Broadcasting Company Limited..... (See CFRN for ownership)	100.3	279	Dom.
Edmonton.....	FM	CKUA-FM	University of Alberta..... (See CKUA for ownership)	98.1	352	None
Edmonton.....	TV	CFRN-TV	Sunwapta Broadcasting Company Limited..... (See CFRN for ownership)	Channel 3 61.25 video 65.75 audio	180,300 90,400	TV
Grande Prairie...	AM	CFGP	Northern Broadcasting Corporation Limited..... *R. Martland..... 14.4% *H. E. Pearson..... 0.4% *J. E. Thompson..... 0.4% J. S. MacKay..... 12.0%	1050	5,000 DA-I	T/Can

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ALBERTA—Continued						
			Western Radio Distributors Limited.....		37.2%	
			R. L. Barnes.....		6.4%	
			G. Gaetz.....		18.0%	
			14 shareholders.....		11.2%	
			Western Radio Distributors Limited—			
			J. M. Taylor.....		2.0%	
			H. E. Pearson.....		2.0%	
			H. R. Carson.....		2.0%	
			Taylor, Pearson & Carson (Canada) Ltd.....		94.0%	
Lethbridge.....	AM	CJOC	Lethbridge Broadcasting Ltd.....	1220	5,000	T/Can
			H. R. Carson Ltd.....		98.8%	DA-N
			*H. E. Pearson.....		0.4%	10,000D
			*H. R. Carson.....		0.4%	
			*J. M. Taylor.....		0.4%	
			H. R. Carson Limited—			
			Taylor, Pearson & Carson (Canada) Limited.....		70.7%	
			Taylor & Pearson Ltd.....		14.5%	
			Taylor, Pearson & Carson Ltd.....		14.5%	
			J. M. Taylor.....		0.1%	
			H. E. Pearson.....		0.1%	
			H. R. Carson.....		0.1%	
Lethbridge.....	TV	CJLH-TV	Lethbridge Television Ltd.....	Channel 7		
			Lethbridge Broadcasting Limited.....	175.25 video	96,100	TV
			Lethbridge Herald Company Ltd.....	179.75 audio	44,900	
			*H. P. Buchanan.....		48.5%	
			*D. W. Buchanan.....		48.5%	
			*G. M. Bell.....		0.5%	
			*H. E. Pearson.....		0.5%	
			*H. R. Carson.....		0.5%	
			*N. A. Botterill.....		0.5%	
			Lethbridge Broadcasting Limited (See CJOC for ownership)			
			Lethbridge Herald Company Limited			
			Estate of W. A. Buchanan...		81.4%	
			H. P. Buchanan.....		4.8%	
			D. W. Buchanan.....		2.4%	
			Mrs. A. Buchanan.....		2.3%	
			7 shareholders.....		9.1%	
Lloydminster (c)	AM	CKSA	Sask-Alta Broadcasters Limited.....	1150	1,000	None
			*A. F. Shortell.....		52.4%	DA-2
			*T. A. Shandro.....		9.5%	
			16 shareholders.....		38.1%	
Medicine Hat....	AM	CHAT	Monarch Broadcasting Company Limited	1270	1,000	Dom
			*J. H. Yuill.....		99.0%	DA-1
			*Mrs. M. E. Yuill.....		0.5%	
			*R. J. Buss.....		0.5%	

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ALBERTA—Concluded						
Medicine Hat (c)	TV	CHAT-TV	Monarch Broadcasting Company Limited (See CHAT for ownership)	Channel 6 83.24 video 87.74 audio	4,780 2,390	TV
Peace River.....	AM	CKYL	Peace River Broadcasting Corporation Limited..... *W. Chubb..... 1.4% *T. Forseth..... 2.1% *O. Lawrence..... 7.1% *L. A. Levesque..... 12.3% *O. Moro..... 6.4% *J. J. Rousseau..... 2.9% *H. B. Urquhart..... 0.7% 28 shareholders..... 67.1%	630	1,000 DA-N	None
Red Deer.....	AM	CKRD	Central Alberta Broadcasting Company Limited..... *G. S. Henry..... 65.0% *D. W. Robertson..... 9.4% *A. A. MacDonald..... 1.2% *J. Wilder..... 1.2% 20 shareholders..... 23.2%	850	1,000 DA-I	Dom. Supp. B
SASKATCHEWAN						
Gravelbourg.....	AM	CFRG	Radio Gravelbourg Limitee..... *Dr. R. Morin..... 7.7% *A. N. Forcier..... 7.7% *D. Lepage..... 7.7% 10 equal shareholders..... 76.9%	710	5,000 D	French
Gravelbourg.....	AM	CFRG	Radio Gravelbourg Limitee..... (See CFRG for Ownership)	1230	250N	French
Moose Jaw.....	AM	CHAB	Radio Station CHAB Ltd..... Mrs. G. E. Davis..... 24.4% *J. S. Boyling..... 25.3% *Mrs. L. A. Davis..... 50.0% *G. H. Carr..... 0.1% *J. E. Johnson..... 0.1% *Mrs. P. C. Boyling..... 0.1%	800	5,000 DA-I	Dom.
North Battleford	AM	CJNB	Northwestern Broadcasting Company Limited..... *C. R. McIntosh..... 7.3% *A. G. Lamarsh..... 4.4% *H. J. Bell..... 2.9% *F. R. Cosford..... 6.0% *L. D. Haselton..... 5.9% *H. S. Hay..... 7.3% *W. Scott..... 1.5% *A. H. Silvester..... 1.6% *A. F. Shortell..... 0.7% Mrs. E. DeRoche..... 17.7% 15 shareholders..... 44.7%	1460	1,000	None

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
SASKATCHEWAN—Continued						
Prince Albert....	AM	CKBI	Central Broadcasting Company Limited *E. A. Rawlinson..... 51.0% *H. M. Sibbald..... 33.4% *F. F. Rawlinson..... 15.6%	900	5,000 DA-2	Dom.
Regina.....	AM	CBK	Canadian Broadcasting Corporation....	540	50,000	T/Can
Regina.....	AM	CKCK	Transcanada Communications Limited.. Phoenix Management Ltd..... 99.7% *Clifford Sifton..... 0.1% *M. C. Sifton..... 0.1% *T. A. Cookson..... 0.1% (Phoenix Management Limited is owned entirely by Cortleigh Investments Limited which in turn is controlled by Clifford Sifton with Canada Permanent Mortgage Company a minority holder)	620	5,000 DA-N	T/Can Supp. B
Regina.....	AM	CKRM	Western Communications Ltd..... *Dr. E. A. McCusker..... 58.3% *H. E. Drope..... 3.1% *Dr. G. J. McMurty..... 3.1% *D. K. McCusker..... 1.5% *M. I. Chase..... 3.1% 12 shareholders..... 30.9%	980	5,000 DA-N	Dom.
Regina.....	TV	CKCK-TV	Transcanada Communications Limited.. (See CKCK for ownership)	Channel 2 55.25 video 59.75 audio	100,000 53,500	TV
Saskatoon.....	AM	CFQC	A. A. Murphy & Sons Limited..... *A. A. Murphy..... 50.3% *Estella M. Murphy..... 0.2% W. A. Murphy..... 12.5% Mrs. M. C. Dallin..... 9.0% Mrs. M. I. Nelson..... 9.0% H. O. Murphy..... 12.5% Vernon Dallin..... 3.3% Gordon B. Nelson..... 3.2%	600	5,000 DA-N	Dom.
Saskatoon.....	AM	CFNS	Radio-Prairies-Nord Limitee..... *A. de Margerie..... 7.7% *C. Denis..... 7.7% *L'Abbe Paradis..... 7.7% *T. Prefontaine..... 7.7% 9 shareholders..... 69.2%	1170	1,000 DA-1	French
Saskatoon.....	AM	CKOM	Saskatoon Community Broadcasting Company Limited..... *R. A. Hosie..... 60.0% *C. C. Mason..... 5.0% *J. S. Woodward..... 2.5% 6 shareholders..... 32.5%	1420	5,000 DA-N	None
Saskatoon.....	TV	CFQC-TV	A. A. Murphy & Sons Limited..... (See CFQC for ownership)	Channel 8 181.26 video 185.76 audio	100,000 60,000	TV

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
SASKATCHEWAN—Concluded						
Swift Current....	AM	CKSW	Frontier City Broadcasting Company Limited.....	1400	250	None
			*D. W. Scott..... 25.0%			
			*H. F. Mahaffy..... 25.0%			
			*A. A. Maxwell..... 25.0%			
			*W. D. Forst..... 25.0%			
Yorkton.....	AM	CJGX	Yorkton Broadcasting Company Limited.....	940	10,000D 1,000N	Dom.
			*L. J. Ham..... 7.5%			
			*C. A. Campbell.....			
			*W. Pachal..... 0.3%			
			*D. Richardson..... 0.7%			
			Richardson Publications Ltd. 60.1%			
			*R. G. Sutherland..... 11.9%			
			*F. K. Tully..... 14.7%			
			7 shareholders..... 4.8%			
MANITOBA						
Altona (c).....	AM	CFAM	A. J. Thiessen (On behalf of a company to be incorporated).....	1290	1,000 DA-1	None
			*A. J. Thiessen..... 20.4%			
			*D. K. Friesen..... 6.1%			
			*P. Brown..... 4.0%			
			*J. M. Froese..... 8.0%			
			*J. Hooge..... 4.0%			
			*C. C. Neufeld..... 2.0%			
			*W. E. Kroker..... 5.1%			
			*G. H. Fast..... 3.1%			
			20 shareholders..... 47.3%			
Brandon.....	AM	CKX	Western Manitoba Broadcasters Limited.....	1150	1,000	Dom.
			*J. B. Craig..... 35.6%			
			*E. Fotheringham..... 6.3%			
			*J. C. P. Mitchell..... 0.2%			
			*R. O. McDiarmid..... 0.6%			
			*J. E. Elviss..... 0.4%			
			Margaret A. McDiarmid..... 6.3%			
			Estate of J. L. Rust..... 5.8%			
			Mrs. Jean C. Smith..... 5.8%			
			Finance and Management Limited (A. E. Boyd)..... 13.1%			
			Corporate Management & Services Limited (N. W. Kerr)..... 13.6%			
			D. Sprague..... 5.1%			
			J. A. McNaughton..... 1.7%			
			32 shareholders..... 5.5%			
Brandon.....	TV	CKX-TV	Western Manitoba Broadcasters Limited Channel 5 (See CKX for ownership)	77.26 video 81.76 audio	19,300 9,650	TV

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
MANITOBA—Continued						
Dauphin	AM	CKDM	Dauphin Broadcasting Company Limited	1050	250N 1,000D	None
			*W. Booth	0.7%		
			*W. Cruise	2.7%		
			*B. Lazaruk	6.3%		
			*J. Maillard	5.1%		
			*M. Potoski	12.5%		
			*R. P. Scott	5.1%		
			*C. J. Scale	1.2%		
			*J. Tycholiz	0.8%		
			*A. T. Warnock	13.6%		
			105 shareholders	52.0%		
Flin Flon	AM	CFAR	Arctic Radio Corporation Limited	590	1,000	T/Can
			*J. C. Mundie	99.8%		
			*E. N. Wright	0.1%		
			*C. J. MacLeod	0.1%		
Portage la Prairie	AM	CFRY	Portage-Delta Broadcasting Company Ltd.	1570	250	None
			*R. D. Hughes	99.8%		
			*Mrs. M. L. Hughes	0.1%		
			*L. W. Hughes	0.1%		
St. Boniface	AM	CKSB	Radio St. Boniface Limitee	1250	1,000 DA-1	French
			*C. Champagne	2.3%		
			*G. Leveille	2.0%		
			*Dr. P. E. LaFleche	2.2%		
			*Abbe A. d'Eschambault	2.2%		
			*J. A. Dansereau	2.2%		
			*E. St.-Amant	3.7%		
			*L. Landry	3.4%		
			*J. Deroche	3.5%		
			*Dr. H. Guyot	3.5%		
			*Abbe J. A. D. McDougall	1.9%		
			*Abbe L. Senex	1.9%		
			*A. Lemoine	1.9%		
			*R. Couture	3.4%		
			*A. Gallant	2.8%		
			*J. VanBelleghe	3.4%		
			28 shareholders	59.7%		
Winnipeg	AM	CJOB	Blick Broadcasting Limited	680	2,500 DA-N	None
			*J. O. Blick	52.1%		
			*H. Monk	0.2%		
			*E. B. Osler	1.1%		
			*K. A. Powell	6.8%		
			*P. D. Curry	4.3%		
			*A. H. Watson	8.5%		
			16 shareholders	27.0%		
Winnipeg	AM	CKY	Broadcasting Station CKY Ltd.	580	5,000 DA-2	None
			*L. E. Moffatt	96.0%		
			*Clara A. Moffat	2.0%		
			*Evelyn A. Laursen	2.0%		

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
MANITOBA—Concluded						
Winnipeg.....	AM	CBW	Canadian Broadcasting Corporation....	990	50,000	T/Can
Winnipeg.....	AM	CKRC	Transcanada Communications Ltd..... Phoenix Management Ltd... 99.7% *Clifford Sifton..... 0.1% *Michael Sifton..... 0.1% *T. A. Cookson..... 0.1% (Phoenix Management Limited is owned entirely by Cortleigh Investments Limited which in turn is controlled by Clifford Sifton with Canada Permanent Trust Company having a minority holding)	630	5,000 DA-N	Dom.
Winnipeg.....	FM	CJOB-FM	Blick Broadcasting Limited..... (See CJOB for ownership)	103.1	250	None
Winnipeg.....	SW	CKRO	Transcanada Communications Limited.. (See CKRC for ownership)	6150	2,000	None
Winnipeg.....	SW	CKRX	Transcanada Communications Limited.. (See CKRC for ownership)	11720	2,000	None
Winnipeg.....	TV	CBWT	Canadian Broadcasting Corporation....	Channel 4 67.26 video 71.76 audio	56,200 33,700	TV
ONTARIO						
Barrie.....	AM	CKBB	Barrie Broadcasting Company Limited.. *R. T. Snelgrove..... 96.7% *H. J. Snelgrove..... 3.2% *H. A. VanWyck..... 0.1%	1230	250	None
Barrie.....	TV	CKVR-TV	Ralph Snelgrove Television Limited... *R. T. Snelgrove..... 50.2% *R. S. Dilworth..... 13.9% *P. Mulvihill..... 6.6% *P. A. Sinclair..... 5.6% *A. Webster..... 5.6% Mrs. E. V. Snelgrove..... 9.2% 5 shareholders..... 8.9%	Channel 3 61.26 video 65.76 audio	26,700 13,300	TV
Belleville.....	AM	CJBQ	Quinte Broadcasting Company Limited.. *A. M. Haig..... 70.6% *H. B. Cowan, Jr..... 29.3% *W. H. Stovin..... 0.1%	800	1,000 DA-1	Dom.
Brampton.....	AM	CFJB	Broadcasting Station CFJB Limited..... *E. F. Job..... 22.6% *W. S. Martin..... 9.4% *F. M. Early..... 9.4% *G. W. E. McKinney..... 3.8% *F. F. Beckett..... 9.4% *D. M. Dickson..... 5.7% *C. S. Meredith..... 5.7% *W. M. Watson..... 3.8% *F. W. Richardson..... 5.7% 5 shareholders..... 24.5%	1090	250D	None

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Continued						
Brantford.....	AM	CKPC	The Telephone City Broadcast Limited. *Mrs. Florence M. Buchanan . 99.8% *Kathleen M. Colvin..... 0.1% *A. Gordon Colvin..... 0.1%	1380	1,000 DA-N	Dom. Supp. B.
Brantford.....	FM	CKPC-FM	The Telephone City Broadcast Limited (See CKPC for ownership)	92.1	250	Dom.
Brockville.....	AM	CFJR	Eastern Ontario Broadcasting Company Limited..... *J. R. Radford..... 59.7% *B. Graham..... 3.1% *L. B. Campbell..... 0.1% Sedgwick, Rogers Campeau interest hold approx..... 31.2% 4 shareholders..... 5.8%	1450	250	Dom.
Chatham.....	AM	CFCO	John George Baikie Beardall..... J. G. B. Beardall.....100.0%	630	1,000 DA-1	Dom.
Cornwall.....	AM	CKSF	The Standard Freeholder Ltd..... *Howard Fleming..... 33.1% *G. D. Fleming..... 40.9% *C. J. McTavish..... 16.2% *Frances Fleming..... 2.3% 4 shareholders..... 7.5%	1230	250	Dom. Supp. B
Cornwall.....	FM	CKSF-FM	The Standard Freeholder Ltd..... (See CKSF for ownership)	104.5	522	Dom.
Fort Francis.....	AM	CFOB	Border Broadcasting Ltd..... *T. O. Peterson..... 50.1% *J. G. McLaren..... 49.7% *H. F. Hall..... 0.2%	800	500N 1,000D	Dom.
Fort William.....	AM	CKPR	H. F. Dougall Company Ltd..... *H. F. Dougall..... 74.0% *Mrs. Clara H. Dougall..... 0.5% *Ross W. Thomson..... 0.5% W. C. Dougall..... 12.5% H. F. Dougall, Jr..... 12.5%	580	1,000	T/Can
Fort William.....	FM	CKPR-FM	H. F. Dougall Company Ltd..... (See CKPR for ownership)	94.3	250	T/Can
Galt.....	AM	CKGR	The Galt Broadcasting Company Limited *John V. Evans..... 99.6% *Mrs. M. E. Evans..... 0.1% *S. C. Cooke..... 0.1% *Mrs. M. I. Cooke..... 0.1% *Samuel Berger, Q.C..... 0.1%	1110	250D	None
Guelph.....	AM	CJOY	CJOY Limited..... *W. O. Slatter..... 49.9% *Mrs. N. D. Slatter..... 0.1% *F. T. Metcalf..... 50.0%	1450	250	None

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Continued						
Hamilton.....	AM	CHML	Maple Leaf Broadcasting Company Limited.....	900	5,000	Dom.
			*K. D. Soble..... 93.4%		DA-1	
			*Mrs. Frances Soble..... 3.3%			
			*Miss Thalia Davis..... 3.3%			
Hamilton.....	AM	CKOC	Wentworth Radio Broadcasting Company Limited.....	1150	5,000	T/Can
			Phoenix Management Ltd... 49.9%		DA-2	
			*H. R. Carson..... 1.2%			
			*H. E. Pearson..... 2.4%			
			*S. Rogers..... 0.05%			
			*Clifford Sifton..... 0.05%			
			*Vivian McClennon..... 0.05%			
			R. S. Carson..... 15.0%			
			Taylor Pearson Broadcasting Co. Ltd..... 27.6%			
			4 shareholders..... 3.75%			
Hamilton.....	TV	CHCH-TV	Niagara Television Limited.....	Channel 11		TV
			The Southam Co. Ltd..... 33.2%	199.26 video	100,000	
			*St. Clair Balfour Jr..... 0.05%	203.76 audio	60,000	
			*Alex G. Muir..... 0.05%			
			Wentworth Radio Broadcasting Company Limited..... 33.2%			
			*Kenneth D. Soble..... 33.3%			
			*Frances R. Soble..... 0.1%			
Kenora.....	AM	CJRL	Lake of the Woods Broadcasting Limited	1220	1,000	Dom.
			*L. E. Moffat..... 69.9%			
			D. M. Moffat..... 20.0%			
			*J. T. Brett..... 10.0%			
			*E. A. Laursen..... 0.1%			
Kingston.....	AM	CKWS	Frontenac Broadcasting Company Limited.....	960	5,000	T/Can
			*W. R. Davies..... 50.9%		DA-1	
			*Robertson Davies..... 0.05%			
			*A. L. Davies..... 0.05%			
			*R. H. Thomson..... 1.0%			
			*K. R. Thomson..... 16.0%			
			Mrs. I. J. Brydson..... 16.0%			
			Mrs. P. A. Campbell..... 16.0%			
Kingston.....	AM	CFRC	Queen's University.....	1490	100	None
			(Educational station—owned and operated by Queen's University)			
Kingston.....	AM	CKLC	St. Lawrence Broadcasting Company Limited.....	1380	1,000	Dom.
			*R. S. Grant..... 19.9%		DA-1	
			*H. N. Stovin..... 8.4%			
			*H. L. Wright..... 5.1%			
			*T. D. French..... 19.9%			
			*F. B. Bishop..... 1.9%			
			Mrs. N. M. Stovin..... 16.1%			
			27 shareholders..... 18.7%			

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Continued						
Kingston.....	FM	CKWS-FM	Frontenac Broadcasting Company Limited..... (See CKWS for ownership)	96.3	350	T/Can
Kingston.....	FM	CFRC-FM	Queen's University..... (Educational station—owned and operated by Queen's University)	91.9	1,270	None
Kingston.....	FM	CKLC-FM	St. Lawrence Broadcasting Company Limited..... (See CKLC for ownership)	99.5	310	Dom.
Kingston.....	TV	CKWS-TV	Frontenac Broadcasting Company Limited..... (See CKWS for ownership)	Channel 11 199.24 video 203.74 audio	101,000 60,600	TV
Kirkland Lake...	AM	CJKL	Kirkland Lake Broadcasting Limited... *Mrs. I. J. Brydson..... *C. N. Thomson..... *S. F. Chapman..... *J. M. Davidson..... *H. C. Freeman.....	560 91.48% 8.3% 0.2% 0.01% 0.01%	5,000 DA-N	T/Can
Kitchener.....	AM	CKCR	Kitchener-Waterloo Broadcasting Company Limited..... Gilbert Liddle estate..... *Mrs. Ruth Liddle..... *J. Liddle..... *Mrs. Etta Mitchell..... *J. C. Mitchell.....	1490 49.7% 0.29% 0.01% 49.7% 0.3%	250	Dom.
Kitchener.....	FM	CKCR-FM	Kitchener-Waterloo Broadcasting Company Limited..... (See CKCR for ownership)	96.7	350	Dom.
Kitchener.....	TV	CKCO-TV	Central Ontario Television Limited.... Famous Players Canadian Corp. Ltd..... *A. MacCunn..... *R. W. Bolstad..... *J. J. Fitzgibbons..... *E. E. Fitzgibbons..... *N. S. Robertson..... *J. E. Motz..... Kitchener-Waterloo Broadcasting Company Ltd.... *Mrs. E. Mitchell..... *J. J. Wintermeyer..... *C. A. Pollock..... H. L. Guy..... *H. C. Krug..... Mrs. E. Watt.....	Channel 13 211.26 video 215.76 audio 49.4% 0.1% 0.1% 0.1% 0.1% 0.1% 24.7% 0.1% 0.1% 24.8% 0.1% 0.1% 0.1%	31,400 16,900	TV

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Continued						
Leamington.....	AM	CJSP	Sun parlor Broadcasters Ltd..... *A. A. Bruner..... 15.8% *J. L. Moore..... 18.2% *G. P. Whaley..... 14.1% *R. Clark..... 4.2% *E. J. Neville..... 8.9% *J. T. J. Madden..... 16.7% 2 shareholders..... 22.1%	710	250- DA-D	None
Lindsay.....	AM	CKLY	Greg-May Broadcasting Ltd..... *E. N. Gregory..... 33.34% *C. A. Gregory..... 33.33% *H. H. May..... 33.33%	910	1,000 DA-1	None
London.....	AM	CFPL	London Free Press Printing Company Limited..... *W. J. Blackburn..... 33.4% *A. R. Ford..... 33.3% *H. R. Davidson..... 33.3%	980	5,000 DA-2	Dom.
London.....	AM	CKSL	London Broadcasters Ltd..... *F. Vincent Regan..... 49.9% *Barbara J. Regan..... 0.1% *Joseph Jeffery..... 49.9% *Norah A. Jeffery..... 0.1%	1290	5,000 DA-1	None
London.....	FM	CFPL- FM	London Free Press Printing Company Limited..... (See CFPL for ownership)	95.9	4,400	Dom.
London.....	TV	CFPL- TV	London Free Press Printing Company Limited..... (See CFPL for ownership)	Channel 10 193.25 video 197.75 audio	325,000, 195,000	TV
Niagara Falls....	AM	CHVC	Radio Station CHVC Ltd..... *B. H. Bedford..... 50.0% *Mrs. E. J. Bedford..... 49.9% *W. S. Martin..... 0.1%	1600	5,000 DA-N	None
North Bay.....	AM	CFCH	Northern Broadcasting Ltd..... *Mrs. P. A. Campbell..... 91.45% *C. N. Thomson..... 8.31% *S. F. Chapman..... 0.22% *C. E. Campbell..... 0.01% *K. Packer..... 0.01%	600	1,000 DA-1	T/Can
North Bay.....	TV	CKGN- TV	Tel-Ad Co. Limited..... *J. L. Shaw..... 21.1% *C. H. Hewitt..... 21.1% *G. D. Stanton..... 20.7% *G. A. Alger..... 19.6% 29 shareholders..... 17.5%	Channel 10 193.24 video 197.74 audio	28,500 14,250	TV

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Continued						
Oakville.....	AM	CHWO	CHWO Radio Limited..... *H. C. Caine..... 59.5% *A. A. McDermott..... 11.9% *R. S. Blaikie..... 6.0% 5 shareholders..... 22.6%	1250	500N } 1,000D }	DA-1 None
Orillia.....	AM	CFOR	Gordon E. Smith..... Gordon E. Smith..... 100.0%	1570	1,000N 5,000D	Dom.
Oshawa.....	AM	CKLB	Lakeland Broadcasting Company Ltd... *A. H. Collins..... 98.6% *Mrs. F. I. Collins..... 0.7% *R. J. Collins..... 0.7%	1350	5,000 DA-2	None
Oshawa (c).....	FM	CKLB-FM	Lakeland Broadcasting Company Ltd... (See CKLB for ownership)	93.5	8,830	None
Ottawa.....	AM	CBO	Canadian Broadcasting Corporation...	910	5,000 DA-1	T/Can
Ottawa.....	AM	CFRA	CFRA Limited..... *Frank Ryan..... 99.8% *Kathleen Ryan..... 0.1% *D. L. Martin..... 0.1%	560	5,000 DA-1	None
Ottawa.....	AM	CKOY	CKOY Limited..... *D. I. Cameron..... 0.133% *N. W. Cleary..... 2.600% *G. M. Edwards..... 0.001% *D. K. MacTavish..... 0.134% *G. T. Southam..... 4.800% *F. H. Toller..... 0.001% *F. W. White..... 0.666% Estate of F. A. Cameron..... 9.866% Elizabeth G. Edwards..... 4.000% Mary M. Hertz..... 4.000% Edna Ann Edwards..... 4.000% H. G. Ross..... 0.134% D. Cargill Southam..... 6.399% HASO Limited (G. Hamilton Southam)..... 6.333% Estate of J. D. Southam..... 6.333% R. W. Southam..... 4.800% Ethel Toller..... 4.733% Hon. Cairine R. Wilson..... 30.800% Janet C. White (nee Edwards) 3.999% 4 shareholders..... 6.268%	1310	1,000 DA-N 5,000D	Dom.
Ottawa.....	FM	CBO-FM	Canadian Broadcasting Corporation...	103.3	380	T/Can
Ottawa.....	FM	CFRA-FM	CFRA Limited..... (See CFRA for ownership)	93.9	1,100	None
Ottawa.....	TV	CBOT	Canadian Broadcasting Corporation...	Channel 4 67.26 video 71.76 audio	50,100 26,700	TV

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Continued						
Ottawa.....	TV	CBOFT	Canadian Broadcasting Corporation....	Channel 9 187.26 video 191.76 audio	31,000 17,000	TV
Owen Sound....	AM	CFOS	Grey and Bruce Broadcasting Co. Ltd... *Howard Fleming..... *G. D. Fleming..... *J. S. Fleming..... *Frances W. Fleming..... *Ralph T. Snelgrove..... *C. J. McTavish..... Howard Fleming (in trust).... Donald T. Fleming.....	1470	1,000 DA-N	Dom. Supp. B
Pembroke.....	AM	CHOV	The Ottawa Valley Broadcasting Company Limited..... Ottawa Valley Enterprises Limited..... *E. G. Archibald..... *Edna M. Archibald..... *J. S. Craig..... Ottawa Valley Enterprises Ltd.— *E. G. Archibald..... *Edna M. Archibald..... *J. S. Craig.....	1350	1,000 DA-I	Dom.
Peterborough....	AM	CHEX	Kawartha Broadcasting Company Limited..... *W. R. Davies..... *Robertson Davies..... *A. L. Davies..... *R. H. Thomson..... *K. R. Thomson..... Mrs. I. J. Brydson..... Mrs. P. A. Campbell.....	1430	1,000 DA-I	Dom.
Peterborough....	TV	CHEX-TV	Kawartha Broadcasting Company Limited..... (See CHEX for ownership)	Channel 12 205.26 video 209.76 audio	102,000 61,200	TV
Port Arthur....	AM	CFPA	Ralph H. Parker Limited..... *Ralph H. Parker..... *Mrs. K. Parker..... *Miss M. C. McGregor.....	1230	250	Dom.
Port Arthur....	TV	CFPA-TV	Ralph H. Parker Limited..... (See CFPA for ownership)	Channel 2 55.25 video 59.75 audio	5,100 2,550	TV
Port Hope (c)....	AM	CHUC	F. M. Russell (on behalf of a company to be incorporated)..... *F. M. Russell..... *Mrs. J. Russell..... *J. R. Cooper.....	1500	1,000 DA-D	None

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Continued						
St. Catharines...	AM	CKTB	Niagara District Broadcasting Company Limited..... *W. B. C. Burgoyne..... 54.30% *Mary C. Burgoyne..... 18.30% *Susette Anne Reid..... 15.00% *Harriet L. Burgoyne..... 0.10% *Dorothy F. Burgoyne..... 0.10% Estate of H. B. Burgoyne... 12.20%	620	1,000 DA-1	Dom.
St. Catharines...	FM	CKTB-FM	Niagara District Broadcasting Company Limited..... (See CKTB for ownership)	97.7	250	Dom.
St. Thomas.....	AM	CHLO	Radio Station CHLO Limited..... *E. M. Warwick..... 99.980% *G. C. Nichols..... 0.005% *H. Huffman..... 0.005% *R. W. Todgham..... 0.005% *A. T. Warwick..... 0.005%	680	1,000 DA-1	T/Can
Sarnia.....	AM	CHOK	Sarnia Broadcasting Company Limited., *Claude R. Irvine..... 86.6% *Margaret M. Irvine..... 13.3% *J. W. G. Hunter..... 0.1%	1070	1,000 DA-N 5,000D	T/Can
Sault Ste. Marie..	AM	CKCY	Algonquin Radio-TV Co. Limited..... *Carmen P. Creco..... 39.98% *A. Spadoni..... 39.98% *J. G. Marcon..... 19.99% *J. G. Pilo..... 0.05%	1400	250	None
Sault Ste. Marie..	AM	CJIC	Hyland Radio-TV Limited..... *J. G. Hyland..... 98.6% *Eileen M. Hyland..... 0.7% *Mina Brown..... 0.7%	1490	250	T/Can
Sault Ste. Marie..	TV	CJIC-TV	Hyland Radio-TV Limited..... (See CJIC for ownership)	Channel 2 55.24 video 59.74 audio	28,000 15,000	TV
Simcoe.....	AM	CFRS	Simcoe Broadcasting Company Limited. *T. M. Fielder..... 57.3% *F. G. Sheratt..... 11.2% *J. E. MacKay..... 2.8% *Bette J. Fielder..... 1.1% 11 shareholders..... 27.6%	1560	250D	None
Smiths Falls.....	AM	CJET	Rideau Broadcasting Ltd..... *J. W. Pollie..... 20.0% E. W. Hoffstetter..... 20.0% *H. F. Gibson..... 10.0% *C. W. Warner..... 7.5% C. B. Warner..... 7.5% *J. W. Powers..... 5.0% 17 shareholders..... 30.0%	1070	1,000D	None

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Continued						
Stratford.....	AM	CJCS	CJCS Limited..... *F. M. Squires, Sr..... 66.6% *F. M. Squires, Jr..... 33.3% *Carol E. Squires..... 0.1%	1240	250	Dom.
Sudbury.....	AM	CKSO	CKSO Radio Limited..... *G. M. Miller..... 29.8% *W. B. Plaunt, Sr..... 27.0% *J. M. Cooper..... 30.0% *W. J. Woodill..... 10.0% *W. B. Plaunt, Jr..... 3.0% 2 shareholders..... 0.2%	790	5,000 DA-N	T/Can
Sudbury.....	AM	CHNO	The Sudbury Broadcasting Company Limited..... *F. B. Ricard..... 97.3% *A. V. Ricard..... 2.0% *J. R. Hurtubise..... 0.7%	900	1,000 DA-N	Dom. French
Sudbury.....	TV	CKSO-TV	CKSO Radio Limited..... (See CKSO for ownership)	Channel 5 77.25 video 81.75 audio	1,740 870	TV
Tillsonburg.....	AM	CKOT	Tillsonburg Broadcasting Company Limited..... *R. A. Hawkins..... 17.3% *J. Lamers..... 17.3% *N. Kleiman..... 17.3% *L. Harris..... 17.3% *M. Demaiter..... 17.3% A. K. Orton..... 9.1% G. C. Brown..... 4.4%	1510	250D	None
Timmins.....	AM	CFCL	J. Conrad Lavigne Enterprises Limited.. *J. Conrad Lavigne..... 80.0% *Mrs. Marie J. Lavigne..... 19.9% *A. M. Blain..... 0.1%	580	1,000 DA-1	French
Timmins.....	AM	CKGB	Timmins Broadcasting Limited..... *K. R. Thomson..... 91.46% *C. N. Thomson..... 8.31% *S. F. Chapman..... 0.22% *J. J. Stephenson..... 0.01%	680	5,000 DA-N	T/Can
Timmins.....	FM	CKGB-FM	Timmins Broadcasting Limited..... (See CKGB for ownership)	94.5	425	T/Can
Timmins.....	TV	CFCL-TV	J. Conrad Lavigne Enterprises Limited.. (See CFCL for ownership)	Channel 6 83.25 video 87.75 audio	18,500 9,250	TV
Toronto.....	AM	CBL	Canadian Broadcasting Corporation...	740	50,000	T/Can
Toronto.....	AM	CJBC	Canadian Broadcasting Corporation...	860	50,000	Dom.

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensor—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Continued						
Toronto.....	AM	CKFH	Foster Hewitt Broadcasting Limited.... *F. W. Hewitt..... 94.9% *F. W. A. Hewitt..... 5.0% *W. R. Binch..... 0.1%	1400	250 DA-1	None
Toronto.....	AM	CFRB	Rogers Radio Broadcasting Company Limited..... Standard Radio Limited..... 98.9% *E. W. Bickle..... 0.1% *A. B. Matthews..... 0.1% *M. W. McCutcheon..... 0.1% *J. A. McDougald..... 0.1% *W. E. Phillips..... 0.1% *J. H. Ratcliffe..... 0.1% *J. E. Rogers..... 0.1% *S. Rogers..... 0.1% *H. Sedgwick..... 0.1% E. L. Moore..... 0.1% V. McGlennon..... 0.1%	1010	50,000 DA-2	CBS
Toronto.....	AM	CKEY	Toronto Broadcasting Co. Limited.... *J. K. Cooke..... 97.0% *Mrs. B. J. Cooke..... 2.4% *R. E. Cooke..... 0.1% *K. D. Haywood..... 0.1% *H. E. Cooke..... 0.1% *W. Zimmerman..... 0.3%	580	1,000N 5,000D DA-2	None
Toronto.....	AM	CHUM	York Broadcasters Limited..... *Allan F. Waters..... 99.8% *Mrs. M. V. Waters..... 0.1% *Eunice Carroll..... 0.1%	1050	1,000D	None
Toronto.....	FM	CBC-FM	Canadian Broadcasting Corporation....	99.1	11,900	T/Can Dom.
Toronto.....	FM	CFRB-FM	Rogers Radio Broadcasting Company Limited..... (See CFRB for ownership)	99.9	600	CBS
Toronto.....	FM	CJRT-FM	Ryerson Institute of Technology..... (Educational station owned and operated by Ryerson Institute of Technology)	91.1	9,900	None
Toronto.....	SW	CFRX	Rogers Radio Broadcasting Co. Limited. (See CFRB for ownership)	6070	1,000	None
Toronto.....	TV	CBLT	Canadian Broadcasting Corporation....	Channel 6 83.26 video 87.76 audio	100,000 50,000	TV
Toronto (c).....	FM	CHMI-FM	E. J. Piggott..... E. J. Piggott..... 100.0%	98.1	282	None

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
ONTARIO—Concluded						
Windsor.....	AM	CBE	Canadian Broadcasting Corporation . . .	1550	10,000 DA-1	T/Can
Windsor.....	AM	CKLW	Western Ontario Broadcasting Company Limited	800	50,000 DA-2	Dom. Supp. B MBS
			RKO Distributing Corpora- tion of Canada Ltd. 33.4%			
			Essex Broadcasters Inc. 32.4%			
			Estate of E. S. Rogers 11.8%			
			Estate of M. G. Campbell 6.5%			
			*J. E. Campeau 5.9%			
			*S. Rogers 3.2%			
			*S. C. Ritchie 0.4%			
			*J. L. Labow 0.1%			
			*K. Laird 0.1%			
			*A. D. Rogers 0.1%			
			15 shareholders 6.1%			
			RKO Distributing Corpora- tion of Canada Ltd.			
			RKO Teleradio Pictures Inc. 92.0%			
			*J. Miller Walker 1.0%			
			*William H. Clark 1.0%			
			*Joseph J. Lamb 1.0%			
			*Garrett Van Wagner 1.0%			
			4 shareholders 4.0%			
			Essex Broadcasters Inc. Subsidiary company incorporated in the United States and owned in direct proportion by all shareholders of licensee company.			
Windsor.....	FM	CKLW- FM	Western Ontario Broadcasting Company Limited (See CKLW for ownership)	93.9	250	Dom. MBS
Windsor.....	TV	CKLW- TV	Western Ontario Broadcasting Company Limited (See CKLW for ownership)	Channel 9 187.24 video 191.74 audio	178,000 107,000	TV
Wingham.....	AM	CKNX	Radio Station CKNX Limited	920	1,000 DA-N	Dom. Supp. B
			*W. T. Cruickshank 87.6%			
			*G. W. Cruickshank 4.1%			
			*J. J. Cruickshank 4.1%			
			Mrs. L. McCall 4.2%			
Wingham.....	TV	CKNX- TV	Radio Station CKNX Limited (See CKNX for ownership)	Channel 8 181.24 video 185.74 audio	20,000 12,000	TV
Woodstock.....	AM	CKOX	Oxford Broadcasting Company Limited	1340	250	None
			*M. J. Werry 92.4%			
			*L. A. Wilmot 0.1%			
			*K. Start 0.1%			
			*R. G. Start 0.1%			
			3 shareholders 7.3%			

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
QUEBEC						
Amos.....	AM	CHAD	Northern Radio-Radio Nord Inc..... *David A. Gourd..... 33.3% *Jean J. Gourd..... 46.1% *Roger Charbonneau..... 0.1% *Jean Monette..... 5.1% Paul E. Riverin..... 12.7% Richard Staines..... 2.6% 2 shareholders..... 0.1%	1340	250	French
Chicoutimi.....	AM	CBJ	Canadian Broadcasting Corporation....	1580	10,000 DA-1	French
Chicoutimi.....	AM	CJMT	CJMT Limitee..... *J. O. Masse..... 33.2% *G. W. Tremblay..... 33.2% *Pierre Tremblay..... 0.2% *M. Houle..... 0.2% *G. Vaillancourt..... 33.2%	1450	250	None
Drummondville..	AM	CHRD	Radio Drummond Limitee..... *M. Sigouin..... 12.5% *D. Chantal..... 12.5% *A. Girouard..... 12.5% *J. O. Roberge..... 12.5% *H. Desfosses..... 12.5% *B. Pinard..... 2.5% *J. A. Brochu..... 2.5% 9 shareholders..... 32.5%	1340	250	None
Granby.....	AM	CHEF	La Cie de Radiodiffusion de Granby Limitee..... *J. O. Hains..... 100.0%	1450	250	None
Hull.....	AM	CKCH	La Compagnie Radiodiffusion de Hull Limitee..... Syndicat d'Oeuvres Sociales Limitee..... 98.6% *L. F. Billy..... nil *T. Moncion..... 0.7% *W. Carr..... 0.7%	970	5,000 DA-1	French
Jonquiere.....	AM	CKRS	Radio Saguenay Limitee..... *Henri Lepage..... 27.4% J. Grenier..... 0.2% *J. Landry..... 11.0% CHRC Limitee..... 17.5% CKCV Limitee..... 17.5% Paul Lepage..... 2.5% Simon Baribeau..... 14.9% Gaston Pratte..... 2.5% *T. H. Burham..... 1.5% Norman S. Robertson..... 2.5% T. Fortier..... 2.5%	590	1,000 DA-1	None

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
QUEBEC—Continued						
Jonquiere.....	TV	CKRS-TV	Radio Saguenay Limitee..... (See CKRS for ownership)	Channel 12 205.26 video 209.76 audio	20,000 10,000	TV
La Sarre.....	AM	CKLS	Radio La Sarre Inc..... *D. A. Gourd..... 14.0% *R. Charbonneau..... 0.1% *J. J. Gourd..... 38.8% *J. Lavigne..... 0.3% *E. Pronovost..... 0.3% *J. Monette..... 4.4% P. E. Riverin..... 10.8% Richard Staines..... 2.2% 34 shareholders..... 29.1%	1240	250	French
Matane.....	AM	CKBL	La Compagnie de Radiodiffusion de Matane Limitee..... *Rene Lapointe..... 56.2% *Octave Lapointe..... 30.6% *G. A. Lebel..... 0.3% Alphonse Lapointe..... 12.9%	1250	5,000 DA-I	French
Montmagny.....	AM	CKBM	Radio Alleghany Inc..... *H. Deschenes..... 25.0% *R. Boulanger..... 25.0% *O. Poitras..... 25.0% *A. Mercier..... 25.0%	1490	250	None
Montreal.....	AM	CBM	Canadian Broadcasting Corporation...	940	50,000	T/Can
Montreal.....	AM	CBF	Canadian Broadcasting Corporation...	690	50,000	French
Montreal.....	AM	CFCF	Canadian Marconi Company..... *J. A. Boyd..... *S. M. Finlayson..... *Hon. A. K. Hugessen..... *W. A. Mather..... *H. J. Symington..... *L. B. Nicholls..... *H. G. Nelson..... There are approximately 23,500 shareholders—world-wide.	600	5,000 DA-I	Dom. ABC
Montreal.....	AM	CJAD	CJAD Limited..... *J. A. Dupont..... 66.6% *M. Leroux..... 5.0% *Mrs. K. K. Dupont..... 1.5% *J. C. Kelly..... 0.1% *J. L. Dupont..... 0.1% Montreal Trust Company... 26.7%	800	10,000 DA-I	CBS
Montreal.....	AM	CJMS	La Bonne Chanson Inc..... J. L. Guay & Freres Ltee... 66.6% *J. L. Guay..... 20.0% *Fernand Guay..... 10.0% *Paul F. Renault..... 1.7% Paul A. Leduc..... 1.7%	1280	5,000 DA-I	None

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
QUEBEC—Continued						
Montreal.....	AM	CHLP	La Compagnie de Publication "La Patrie" Limitee.....	1410	1,000 DA-1	None
			*Gilles Berthiaume.....	2.6%		
			*Hon. P. R. DuTremblay.....	0.1%		
			*Mme A. DuTremblay.....	0.1%		
			*O. Mayrand.....	0.1%		
			*J. L. Dansereau.....	0.1%		
			*R. Dubois.....	0.1%		
			La Cie de Publication La Presse Ltée.....	93.0%		
			17 shareholders.....	3.9%		
			(See CKAC for ownership of La Compagnie de Publication "La Presse" Ltée)			
Montreal.....	AM	CKAC	La Compagnie de Publication "La Presse" Limitee.....	730	5,000N 10,000D	CBS
			*Mrs. A. DuTremblay.....	0.1%		
			*Gilles Berthiaume.....	0.1%		
			*J. L. Dansereau.....	0.1%		
			*C. A. Berthiaume.....	0.1%		
			Mrs. A. DuTremblay, trustee of the estate of Hon. T. Berthiaume.....	1.0%		
			Mrs. A. DuTremblay, G. Berthiaume and J. L. Dansereau executors of the estate of Hon. T. Berthiaume.....	98.6%		
Montreal.....	FM	CBM-FM	Canadian Broadcasting Corporation....	100.7	3,860	T/Can
Montreal.....	FM	CBF-FM	Canadian Broadcasting Corporation....	95.1	3,860	French
Montreal.....	FM	CFCF-FM	Canadian Marconi Company..... (See CFCF for ownership)	106.5	7,700	Dom.
Montreal.....	SW	CFCX	Canadian Marconi Company..... (See CFCF for ownership)	6005	75	None
Montreal.....	TV	CBMT	Canadian Broadcasting Corporation....	Channel 6 83.24 video 87.74 audio	43,800 26,200	TV
Montreal.....	TV	CBFT	Canadian Broadcasting Corporation....	Channel 2 55.25 video 59.75 audio	100,000 50,000	TV
New Carlisle....	AM	CHNC	La Compagnie Gaspesienne de Radiodiffusion Limitee.....	610	5,000 DA-1	French
			*Dr. Charles Houde.....	71.1%		
			*Dr. C. E. Dumont.....	1.2%		
			*J. A. Dorias.....	0.4%		
			*J. E. Levesque.....	1.2%		
			*L. Arseneault.....	0.8%		
			*J. A. Poirier.....	0.4%		
			*J. L. Hashey.....	0.4%		
			33 shareholders.....	24.5%		

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
QUEBEC—Continued						
Quebec.....	AM	CBV	Canadian Broadcasting Corporation....	980	5,000 DA-1	French
Quebec.....	AM	CHRC	CHRC Limitee..... *Herve Baribeau..... 39.6% *Emile Fontaine..... 16.7% *Edward Flynn..... 7.2% *John H. Price..... 13.9% *Gaston Pratte..... 18.4% *Henri Lepage..... 4.1% *Joachim Grenier..... 0.1%	800	5,000 DA-1	None
Quebec.....	AM	CKCV	CKCV Limitee..... *Gaston Pratte..... 42.2% *Herve Baribeau..... 28.1% *Paul Lepage..... 8.4% 3 shareholders..... 21.3%	1280	5,000 DA-1	Dom. Supp. B
Quebec.....	AM	CJQC	The Goodwill Broadcasters of Quebec Inc..... *Peter Nesbitt Thomson..... 95.80% *Jean-Paul St. Laurent..... 2.00% *Hon. H. Bouffard..... 2.00% *W. Howard Wert..... 0.10% *Jean Rivard..... 0.05% Byron T. Kerr..... 0.05%	1340	250	T/Can
Quebec.....	FM	CHRC- FM	CHRC Limitee..... (See CHRC for ownership)	98.1	595	None
Quebec.....	TV	CFCM- TV	Television de Quebec (Canada) Limitee. *A. C. Picard..... 10.0% *Gaston Pratte..... 0.1% *Henri Lepage..... 0.1% *Paul Lepage..... 0.1% *J. J. Fitzgibbons..... 0.1% *R. W. Bolstad..... 0.1% *Angus McCunn..... 0.1% *E. E. Fitzgibbons..... 0.1% CHRC Limitee..... 19.9% CKCV Limitee..... 19.8% Famous Players Canadian Corporation Limited..... 49.6%	Channel 4 67.25 video 71.75 audio	1,270 635	TV French
Quebec.....	TV	CKMI- TV	Television de Quebec (Canada) Limitee. (See CFCM-TV for ownership)	Channel 5 77.24 video 81.74 audio	5,600 2,800	TV English
Rimouski.....	AM	CJBR	Central Public Service Corporation Limited..... *T. A. Bernier..... 0.02% *Jacques Brillant..... 19.98% *Aubert Brillant..... 19.98% *Carol Brillant..... 20.00% *N. Gendreau..... 0.02% Suzanne Brillant..... 20.00% Madeleine Brillant..... 20.00%	900	10,000 DA-N	French

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
QUEBEC—Continued						
Rimouski.....	FM	CJBR-FM	Central Public Service Corporation Limited..... (See CJBR for ownership)	101.5	570	French
Rimouski.....	TV	CJBR-TV	Lower St. Lawrence Radio Incorporated. *Jacques Brillant..... 0.1% *Aubert Brillant..... 0.1% *Carol Brillant..... 0.1% Central Public Service Corporation Limited..... 99.7% (See CJBR for ownership of Central Public Service Corporation Limited)	Channel 3 61.24 video 65.74 audio	34,000 19,400	TV
Riviere du Loup..	AM	CJFP	Armand Belle..... Armand Belle..... 100.0%	1400	250	French
Roberval.....	AM	CHRL	Radio Roberval Incorporee..... *G. Gagnon..... 13.1% *C. Potvin..... 13.1% *E. Robitaille..... 13.1% *R. Lefebvre..... 3.2% *A. Fradet..... 4.3% 26 shareholders..... 53.2%	910	1,000 DA-N	None
Rouyn.....	AM	CKRN	Northern Radio-Radio Nord Inc..... *David A. Gourd..... 33.3% *Jean J. Gourd..... 46.1% *Roger Charbonneau..... 0.1% *Jean Monette..... 5.1% Paul E. Riverin..... 12.7% Richard Staines..... 2.6% 2 shareholders..... 0.1%	1400	250	French
Rouyn (c).....	TV	CKRN-TV	Northern Radio-Radio Nord Inc..... (See CKRN for ownership)	Channel 4 67.25 video 71.75 audio	50,000 25,000	TV
Ste-Anne de la Pocatiere.....	AM	CHGB	CHGB Limitee..... *G. T. Desjardins..... 98.8% *A. Dube..... 0.4% *Rose J. Desjardins..... 0.4% A. Treve..... 0.4%	1350	250N 1,000D	French
St-Jean.....	AM	CHRS	Radio-Iberville Limitee..... *Jean-Paul Auclair..... 70.8% *Bernard Turcot..... 23.7% *Marcel Mongeau..... 1.1% *Jean-Claude Maltais..... 1.1% *Eugene Lasnier..... 1.1% *Bernard Milot..... 1.1% *Raymond Soucie..... 1.1%	1090	1,000D	None
St-Jerome.....	AM	CKJL	Radio Laurentides Inc..... *Jean Lalonde..... 98.1% *J. A. Lalonde..... 0.1% *A. J. Fortin..... 0.1% *J. Senecal..... 0.1% *A. Laurendeau..... 0.1% 4 shareholders..... 1.5%	900	1,000 DA-I	None

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
QUEBEC—Continued						
St-Joseph d'Alma	AM	CFG T	Radio Lac St-Jean Limitee.....	1270	1,000 DA-N	None
			*C. Bergeron.....	10.0%		
			*J. Collard.....	10.0%		
			*H. Fortin.....	10.0%		
			*J. J. Maltais.....	10.0%		
			*J. E. Tremblay.....	10.0%		
			7 shareholders.....	50.0%		
Shawinigan Falls	AM	CKSM	La Compagnie de Radiodiffusion de Shawinigan Falls Limitee.....	1220	1,000 DA-1	None
			*D. R. Wilson.....	8.3%		
			*Allan Rogerson.....	26.3%		
			*Albert Vallee.....	12.5%		
			*Mrs. M. L. Rogerson.....	22.5%		
			*A. Gelinat.....	0.4%		
			*E. Brunelle.....	0.6%		
			*A. Lacoursiere.....	0.3%		
			34 shareholders.....	29.1%		
Sherbrooke.....	AM	CHLT	La Tribune Limitee.....	900	1,000 DA-N	French
			*Hon. Jacob Nicol.....	0.10%		
			*Sen. Charles B. Howard.....	0.10%		
			*F. Edmund Barnard.....	0.10%		
			*Mrs. Celine Desruisseaux.....	0.10%		
			*Jean-Louis Gauthier.....	0.10%		
			Desruisseaux Inc.....	49.75%		
			Trans-Ocean Press Ltée.....	49.75%		
			Desruisseaux Inc.—			
			*Paul Desruisseaux.....	93.2%		
			*Mrs. Celine Desruisseaux.....	6.5%		
			*C. Fortin.....	0.1%		
			*R. Cousineau.....	0.1%		
			*G. G. Desruisseaux.....	0.1%		
			Trans-Ocean Press Ltée—			
			*Alphee Gauthier.....	99.4%		
			*Miss Claire Bedard.....	0.3%		
			*Miss Marie-Ange Drouin.....	0.3%		
Sherbrooke.....	AM	CKTS	Telegram Printing and Publishing Company Limited.....	1240	250	Dom.
			*Sen. C. B. Howard.....	60.9%		
			*Alphee Gauthier.....	2.5%		
			*Jean-Louis Gauthier.....	12.2%		
			*Colin C. Campbell.....	12.2%		
			*John Jacob Dunn.....	12.2%		
Sherbrooke.....	TV	CHLT-TV	La Tribune Limitee..... (See CHLT for ownership)	Channel 7 175.25 video 170,000 179.75 audio 100,000		TV
Sorel.....	AM	CJSO	Radio Richelieu Limitee.....	1320	1,000 DA-N	None
			*Henri Olivier.....	96.0%		
			*Marcel Piche.....	2.0%		
			*Arthur Villeneuve.....	2.0%		

Royal Commission on Broadcasting

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
QUEBEC—Concluded						
Thetford Mines..	AM	CKLD	Radio Megantic Limitee..... *H. Lagueux..... 93.8% *Mme H. Lagueux..... 0.5% *Guy Vachon..... 1.5% 4 shareholders..... 4.2%	1230	250	French
Three Rivers.....	AM	CKTR	CKTR Limitee..... *J. Fernand Rufiange..... 99.8% *Andre Rufiange..... 0.1% *John G. McD. Brown..... 0.1%	1350	1,000 DA-1	None
Three Rivers.....	AM	CHLN	Radio-Trois-Rivieres Inc. *Honore Dansereau..... 99.6% *Hon. Jacob Nicol..... 0.1% *Pierre Dansereau..... 0.1% *Maurice Dansereau..... 0.1% *Gerard Dansereau..... 0.1%	550	5,000 DA-2	None
Val d'Or	AM	CKVD	Northern Radio—Radio Nord Inc. *David A. Gourd..... 33.3% *Jean J. Gourd..... 46.1% *Roger Charbonneau..... 0.1% *Jean Monette..... 5.1% Paul E. Riverin..... 12.7% Richard Staines..... 2.6% 2 shareholders..... 0.1%	1230	250	French
Verdun.....	AM	CKVL	Radio Station CKVL Limited..... *J. Tietolman..... 99.8% *Mrs. J. Tietolman..... 0.1% *A. D. Costom..... 0.1%	850	10,000 DA-2	None
Verdun.....	FM	CKVL-FM	Radio Station CKVL Limited..... (See CKVL for ownership)	96.9	10,200	None
Victoriaville.....	AM	CFDA	Radio Victoriaville Limitee..... *Dr. C. A. Gilbert..... 20.0% *J. A. Brisson..... 20.0% *Pierre Brisson..... 20.0% *Lionel Kirouac..... 20.0% *P. H. Plourde..... 20.0%	1380	1,000 DA-N	None
Ville Marie.....	AM	CKVM	Radio Temiscamingue Incorporee..... *J. A. Perron..... 0.1% *H. Leblanc..... 0.1% *G. Lefort..... 0.1% *P. Fournier..... 0.1% *P. O. Goulet..... 0.1% *A. Cote..... 0.1% *C. E. Laverdiere..... 0.1% approx. 900 shareholders... 99.3%	310	1,000 DA-N	French
Ville St. Georges..	AM	CKRB	Radio Beauce Inc..... *Yvon Thibadeau..... 43.7% *Charles A. Thibadeau..... 42.1% *George Roberge..... 13.2% *Mme Lucille M. Thibadeau... 0.5% *Mme Noel G. Thibadeau... 0.5%	1400	250	French

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
NEW BRUNSWICK						
Bathurst.....	AM	CKBC	Bathurst Broadcasting Co. Limited..... *J. Leo Hachey..... 25.0% *Alfred J. Fenwick..... 25.0% *Robert C. Eddy..... 25.0% Dr. Charles Houde..... 25.0%	1400	250	None
Campbellton.....	AM	CKNB	Restigouche Broadcasting Company Limited..... *Dr. Charles A. Houde..... 59.0% *Dr. Charles E. Dumont..... 4.5% *Dr. Paul E. Carette..... 4.5% *J. W. MacDonald..... 18.1% *L. E. Renault..... 2.3% *H. A. Carr..... 2.3% *John Alexander..... 0.5% 7 shareholders..... 8.8%	950	1,000 DA-1	Dom.
Edmundston.....	AM	CJEM	Edmundston Radio Limited..... *Norman Gendreau..... 0.7% *George Michaud..... 0.7% *J. M. Michaud..... 1.3% *Leon Gagnon..... 0.7% *Jacques Brillant..... 0.7% Aubert Brillant..... 0.6% Central Public Service Corp. Ltd..... 48.0% Mrs. L. Michaud..... 47.3% (See CJBR for ownership of Central Public Service Corporation Limited)	570	1,000 DA-N	French
Fredericton.....	AM	CFNB	James S. Neill & Sons Ltd..... *J. Stewart Neill..... 47.5% *J. Gordon Neill..... 47.5% *D. Malcolm Neill..... 2.0% *H. H. Pickard..... 1.0%	550	5,000 DA-N	T/Can
Moncton.....	AM	CBAF	Canadian Broadcasting Corporation....	1300	5,000 DA-1	French
Moncton.....	AM	CKCW	Moncton Broadcasting Limited..... *F. A. Lynds..... 69.7% *C. L. Peters..... 30.0% *R. M. Palmer..... 0.1% *C. E. Leger..... 0.1% *C. H. Blakeny..... 0.1%	1220	10,000 DA-N	Dom.
Moncton.....	TV	CKCW-TV	Moncton Broadcasting Limited..... (See CKCW for ownership)	Channel 2 55.25 video 59.75 audio	25,000 15,000	TV
Newcastle.....	AM	CKMR	Miramichi Broadcasting Company Limited..... *L. W. Flett..... 27.8% *J. F. Kerr..... 2.8% *G. R. McWilliam..... 13.9% *H. F. Brown..... 8.3% *D. S. Greaghan..... 13.9% *M. F. Esson..... 13.9% 3 shareholders..... 19.4%	790	1,000 DA-1	T/Can

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Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
NEW BRUNSWICK—Concluded						
Sackville.....	AM	CBA	Canadian Broadcasting Corporation....	1070	50,000	T/Can
Saint John.....	AM	CFBC	Fundy Broadcasting Company Limited.. *A. M. A. McLean..... 27.29% *R. B. Brennan, Sr..... 27.29% *Sen. A. N. McLean..... 27.28% 4 shareholders..... 18.14%	930	5,000 DA-1	Dom.
Saint John.....	AM	CHSJ	New Brunswick Broadcasting Company Limited..... New Brunswick Publishing Company Ltd..... 99.7% *T. F. Drummie..... 0.1% *L. W. Bewick..... 0.1% *E. K. Logan..... 0.1%	1150	5,000 DA-N	T/Can
Saint John.....	TV	CHSJ-TV	New Brunswick Broadcasting Company Limited..... (See CHSJ for ownership)	Channel 4 67.26 video 71.76 audio	100,000 50,000	TV
NOVA SCOTIA						
Antigonish.....	AM	CJFX	Atlantic Broadcasters Ltd..... *Rev. Dr. D. MacCormick... 0.2% *A. J. Sears..... 0.2% *A. Gallagher..... 0.4% *Rev. R. Campbell..... 0.6% *L. Connolly..... 0.4% *J. Doyle..... 0.4% *D. J. MacEachern..... 0.2% *J. Flynn..... 0.2% *Rev. M. M. MacDonald.... 0.2% Approx. 309 shareholders.... 97.2%	580	5,000 DA-1	Dom.
Bridgewater.....	AM	CKBW	Acadia Broadcasting Company Limited.. *L. L. Rogers..... 30.3% *J. F. Hirtle..... 29.8% *W. P. Bickle..... 2.7% *C. J. Morrow..... 1.4% *H. V. Corkum..... 0.1% *I. L. Bain..... 0.1% *J. A. MacLeod..... 0.1% Approx. 195 shareholders.... 35.5%	1000	1,000 DA-N	T/Can
Halifax.....	AM	CBH	Canadian Broadcasting Corporation....	1330	100	T/Can
Halifax.....	AM	CJCH	Chronicle Company Limited..... F. B. McCurdy Estate..... 99.7% *B. P. McCurdy..... 0.1% *Mrs. F. B. McCurdy..... 0.1% *Albert S. Fraser..... 0.1%	920	5,000 DA-1	None

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
NOVA SCOTIA—Continued						
Halifax.....	AM	CHNS	The Maritime Broadcasting Company Limited.....	960	5,000	Dom.
			Nova Scotia Agencies Ltd... 99.3%		DA-N	
			*A. W. Robb..... 0.1%			
			*W. C. Borrett..... 0.1%			
			*G. McL. Daley..... 0.1%			
			*D. A. Morrison..... 0.1%			
			*G. W. Dennis..... 0.1%			
			*L. F. Daley..... 0.1%			
			Estate of Hon. W. H. Dennis 0.1%			
			Nova Scotia Agencies Ltd.—			
			*A. W. Robb..... 0.1%			
			*D. A. Morrison..... 0.1%			
			*G. McL. Daley..... 0.1%			
			*G. W. Dennis..... 0.1%			
			A. D. Weldon..... 0.1%			
			Estate of Hon. W. H. Dennis 95.5%			
Halifax.....	FM	CHNS-FM	The Maritime Broadcasting Company Limited.....	96.1	250	Dom.
			(See CHNS for ownership)			
Halifax.....	SW	CHNX	The Maritime Broadcasting Company Limited.....	6130	500	None
			(See CHNS for ownership)			
Halifax.....	TV	CBHT	Canadian Broadcasting Corporation....	Channel 3		TV
				61.25 video	56,000	
				65.75 audio	34,000	
Kentville.....	AM	CKEN	Evangeline Broadcasting Company Limited.....	1350	1,000	None
			*A. M. Bishop..... 52.1%			
			*R. L. MacDonald..... 0.3%			
			*G. C. Baker..... 0.2%			
			*W. A. Bishop..... 0.2%			
			*F. J. Burns..... 0.5%			
			*D. J. Waterbury..... 0.3%			
			*Mrs. E. J. Macmillan..... 0.3%			
			United Fruit Companies			
			Nova Scotia Ltd..... 43.6%			
			7 shareholders..... 2.5%			
New Glasgow....	AM	CKEC	Hector Broadcasting Company Limited..	1230	250	T/Can
			*J. M. Cameron..... 82.9%			
			*J. L. Cavanagh..... 0.4%			
			*C. D. Fraser..... 0.2%			
			*W. J. Graham..... 0.2%			
			*A. T. Logan..... 0.1%			
			52 shareholders..... 16.2%			
Sydney.....	AM	CJCB	Cape Breton Broadcasters Limited.....	1270	1,000N	Dom.
			*J. Marven Nathanson..... 49.9%		5,000D	
			*Norris L. Nathanson..... 49.9%			
			*Jennie Nathanson..... 0.2%			

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Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
NOVA SCOTIA—Concluded						
Sydney.....	AM	CBI	Canadian Broadcasting Corporation. . .	1140	5,000 DA-1	T/Can
Sydney.....	FM	CJCB-FM	Cape Breton Broadcasters Limited . . . (See CJCB for ownership)	94.9	630	Dom.
Sydney.....	SW	CJCX	Cape Breton Broadcasters Limited . . . (See CJCB for ownership)	6010	1,000	None
Sydney.....	TV	CJCB-TV	Cape Breton Broadcasters Limited . . . (See CJCB for ownership)	Channel 4 67.25 video 71.75 audio	100,000 60,000	TV
Truro.....	AM	CKCL	Colchester Broadcasting Company Limited *J. A. Manning 73.4% *T. L. Legge 1.4% *R. L. MacDougall 0.1% *H. W. Murdock 0.1% *F. M. Blois 0.3% *W. R. Moore 0.6% 33 shareholders 24.1%	600	1,000 DA-1	None
Windsor.....	AM	CFAB	Evangeline Broadcasting Company (See CKEN for ownership)	1450	250	None
Yarmouth.....	AM	CJLS	Gateway Broadcasting Company Limited *Donald L. Smith 60.4% *Mrs. Jennie R. Smith 39.2% *Malcolm J. Smith 0.4%	1340	250	Dom.
PRINCE EDWARD ISLAND						
Charlottetown...	AM	CFCY	The Island Radio Broadcasting Company Limited *Mrs. Flora Rogers 51.5% *Mrs. Margaret E. Large 13.6% *Mrs. Marianne G. Morrow 13.6% *William K. Rogers 21.3%	630	5,000 DA-N	Dom.
Charlottetown...	TV	CFCY-TV	The Island Radio Broadcasting Company Limited (See CFCY for ownership)	Channel 13 211.26 video 215.76 audio	38,600 19,300	TV
Summerside.....	AM	CJRW	The Gulf Broadcasting Company Limited *J. K. Curran 60.8% *T. E. Hickey 0.2% *T. L. Linkletter 0.2% F. M. Davidson 2.9% 6 shareholders 35.9%	1240	250	None

Appendix VIII

Location	Type	Call Sign	Licensee—Individual or Company Ownership	Frequency	Power (watts)	Network
NEWFOUNDLAND						
Argentia (c)	TV	CJOX-TV	Newfoundland Broadcasting Company Limited (See CJON St. John's for ownership)	Channel 10 193.25 video 197.75 audio	190 97	TV
Corner Brook	AM	CBY	Canadian Broadcasting Corporation	790	1,000	T/Can
Gander	AM	CBG	Canadian Broadcasting Corporation	1450	250	T/Can
Goose Bay	TV	CFLA-TV	Canadian Broadcasting Corporation	Channel 8 181.25 video 185.75 audio	348 174	TV
Grand Falls	AM	CBT	Canadian Broadcasting Corporation	1350	1,000	T/Can
Harmon Air Base, Near Stephenville (c)	TV	CFSN-TV	Canadian Broadcasting Corporation	Channel 8 181.25 video 185.75 audio	348 174	TV
St. John's	AM	CBN	Canadian Broadcasting Corporation	640	10,000	T/Can
St. John's	AM	VOCM	Colonial Broadcasting System Limited . . *Mrs. E. M. Butler 59.5% *W. B. Williams, Jr. 26.5% *W. B. Williams, Sr. 13.0% *J. V. Butler 0.5% *H. N. Butler 0.5%	590	1,000	None
St. John's	AM	CJON	Newfoundland Broadcasting Company Limited *G. W. Stirling 50.3% *D. Jamieson 49.3% *F. Dawe 0.4%	930	5,000 DA-N	None
St. John's	AM	VOAR	Newfoundland Mission of Seventh Day Adventists (Owned by Eastern Canadian Union Conference Corporation of Seventh Day Adventists) Non-Commercial station.	1230	100	None
St. John's	AM	VOWR	Wesley Church Radio Board (Owned by Wesley United Church, St. John's Nfld.) Non Commercial station.	800	1,000	None
St. John's	SW	CBNX	Canadian Broadcasting Corporation	5970	300	None
St. John's	TV	CJON-TV	Newfoundland Broadcasting Company Limited	Channel 6 83.26 video 87.76 audio	21,000 11,000	TV

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LOW POWER RELAY TRANSMITTERS

The following low power relay transmitters each with a power of 20 watts, are owned and operated by the Canadian Broadcasting Corporation. These stations broadcast programmes of the Trans Canada Network with the exception of Gaspé and Megantic, Que. which broadcast programmes of the French Network.

<i>Location</i>	<i>Call Sign</i>	<i>Frequency (Kc/s)</i>
<i>BRITISH COLUMBIA</i>		
Ashcroft	CBRT	860
Burns Lake	CBRB	860
Cranbrook	CBRR	860
Creston	CBRM	740
Castlegar	CBUD	1080
Fernie	CBRF	730
Field	CBRD	860
Golden	CBXE	730
Grand Forks	CBRJ	860
Greenwood	CBRO	730
Hazelton	CBRH	1110
Hope	CBUE	740
Kaslo	CBUG	860
Kimberley	CBRK	900
Kitimat	CBUK	740
Lytton	CBRE	1080
McBride	CBXM	730
Natal	CBXN	1490
North Bend	CBRN	800
Ocean Falls	CBUF	860
Oliver	CBUA	730
Osoyoos	CBUB	900
Prince George	CBRG	900
Princeton	CBRP	960
Quesnel	CBRQ	800
Revelstoke	CBRA	860
Salmon Arm	CBUC	730
Smithers	CBRS	730
Terrace	CBRC	860
Vanderhoof	CBRV	730
Williams Lake	CBRL	860
<i>ALBERTA</i>		
Banff	CBXB	860
Blairmore	CBXL	860
Coleman	CBXC	1450
Jasper	CBXJ	730

Appendix VIII

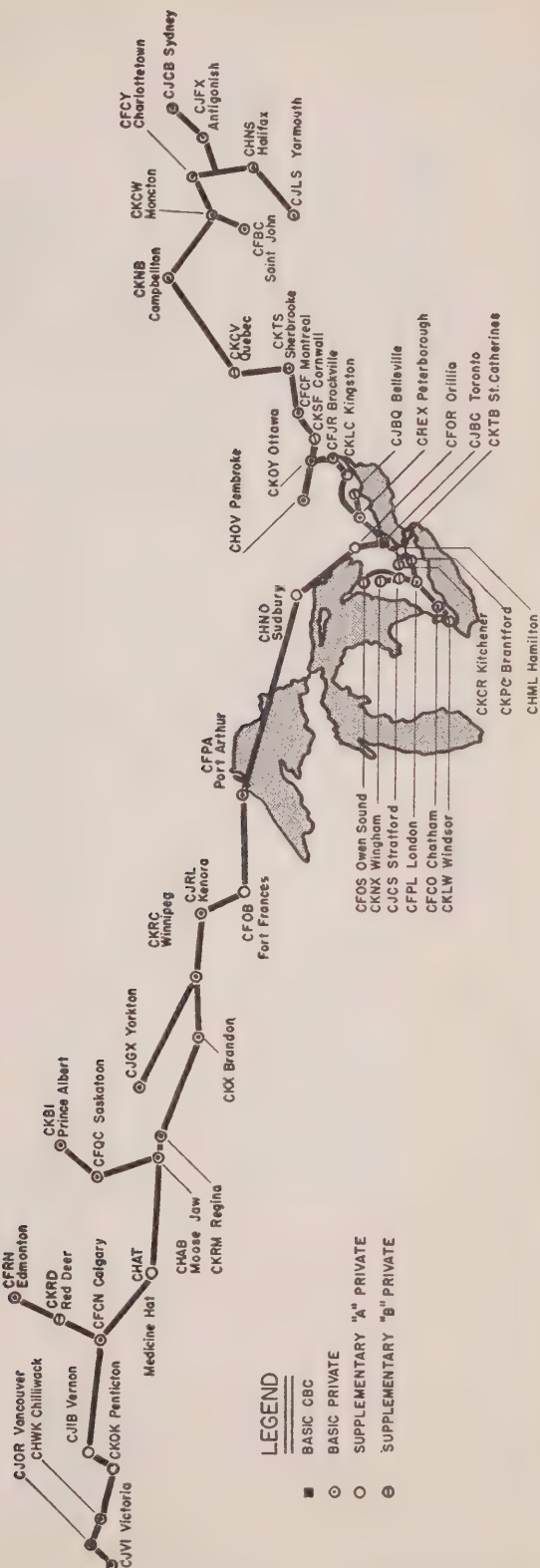
<i>Location</i>	<i>Call Sign</i>	<i>Frequency (Kc/s)</i>
<i>ONTARIO</i>		
Atikokan	CBLA	1490
Beardmore	CBLE	1240
Chapleau	CBLC	1090
Dryden	CBLD	1490
Foleyet	CBLF	1450
Geraldton	CBLG	730
Hornepayne	CBLH	1340
Jamestown	CBLJ	540
Longlac	CBLI	1400
Marathon	CBLM	1490
Nakina	CBLN	1240
Red Rock	CBLR	1010
Schreiber	CBLB	1340
Sioux Lookout	CBLS	1240
White River	CBLW	1240
<i>QUEBEC</i>		
Gaspé	CBFG	1400
Megantic	CBFB	990
<i>NEW BRUNSWICK</i>		
Edmundston	CBAM	1490
Grand Falls	CBAB	1350

[illegible]

BASIC CBC
BASIC PRIVATE
SUPPLEMENTARY CBC
SUPPLEMENTARY "A" PRIVATE
SUPPLEMENTARY "B" PRIVATE

CBC LOW POWER RELAY
Non-connected Stations serviced by Wireless Pick-up.

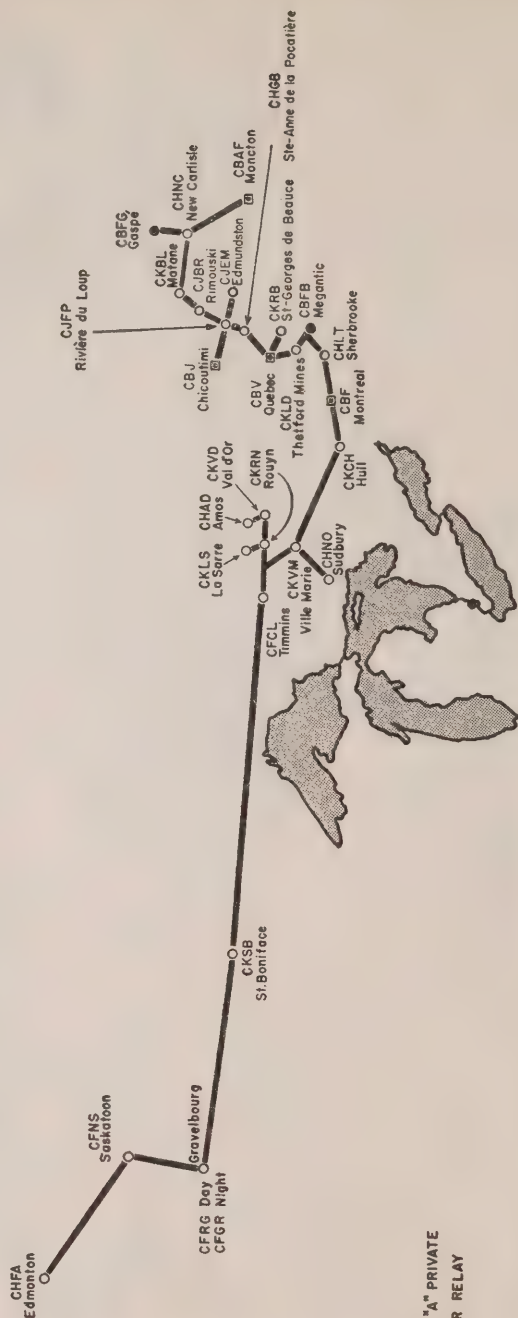
DOMINION RADIO NETWORK



LEGEND

- BASIC CBC
- BASIC PRIVATE
- SUPPLEMENTARY "A" PRIVATE
- SUPPLEMENTARY "B" PRIVATE

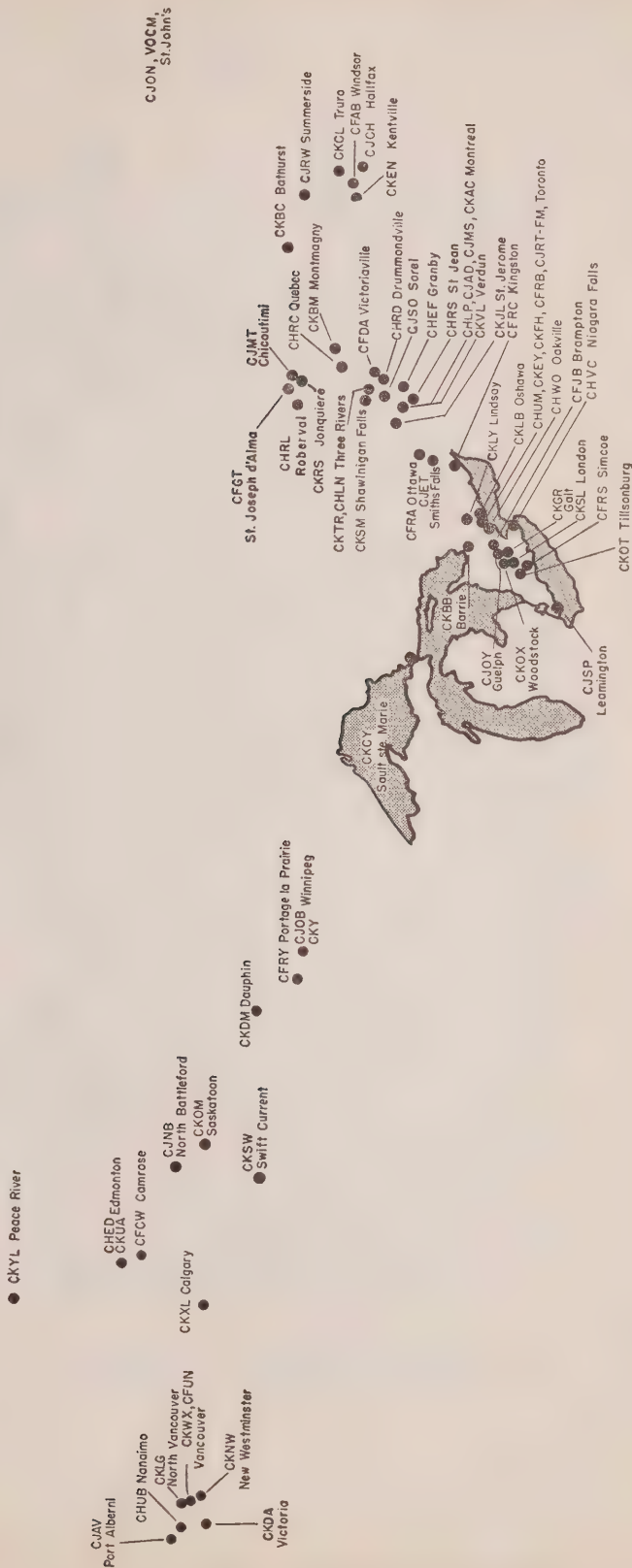
FRENCH RADIO NETWORK



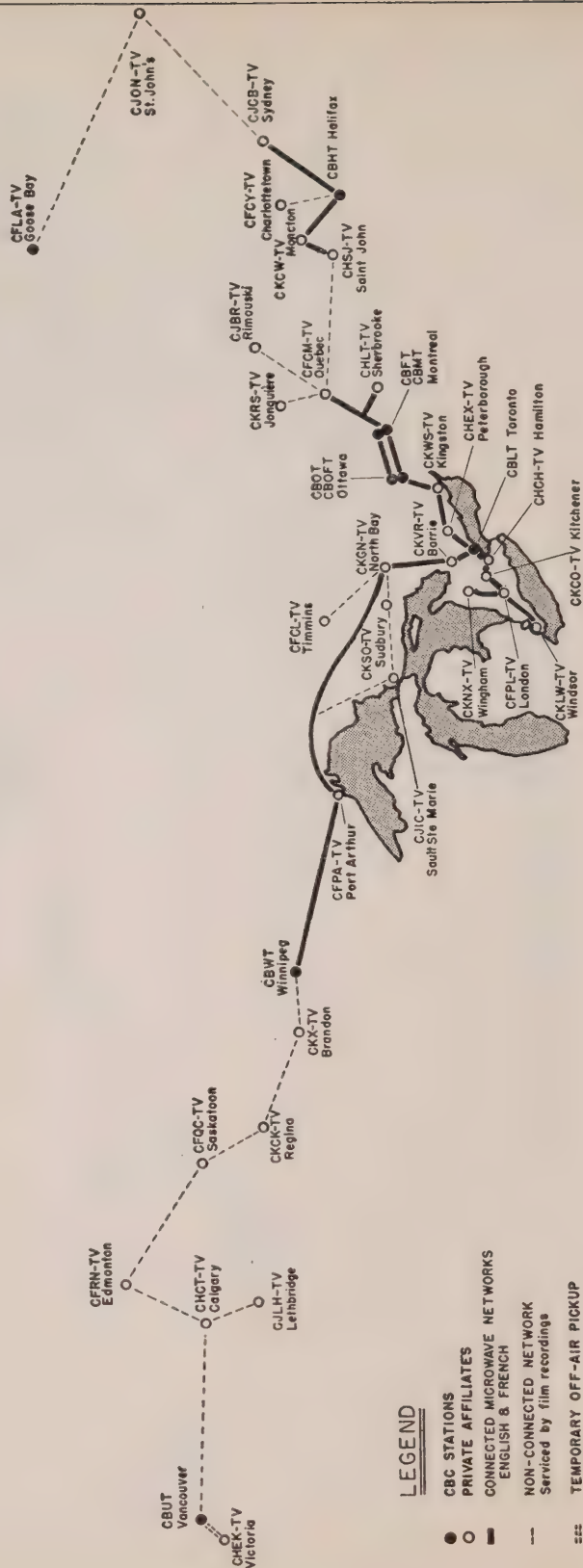
Legend

- ▣ BASIC CBC
- ⊙ BASIC PRIVATE
- SUPPLEMENTARY "A" PRIVATE
- CBC LOW POWER RELAY

UNAFFILIATED RADIO STATIONS



TELEVISION NETWORKS



Appendix IX

Programme classifications and definitions used in the Programme Analysis (printed separately in Volume 2) prepared for the Commission

by DALLAS W. SMYTHE

Code

No.

- (1) **NEWS AND WEATHER:** Programmes reporting on local, regional, national, or international events of the day or recent days' happenings, including reports on the weather, road conditions, train arrivals, etc. Include sports' scores only when they form an integral part of the news-casts and are of five minutes or less duration.
- (2) **NATURE AND SCIENCE:** Programmes in which the intent is to portray some scientific aspect of life seriously whether in the area of natural history, pure research, or applied research in government or industry. Do not include children's nature and science programmes here (see 20a).
- (3) **FOREIGN LANDS AND PEOPLES:** Programmes mostly of a descriptive type on foreign countries and their peoples. Do not include international political and controversial issues here (see 4).
- (4) **POLITICAL AND OTHER CONTROVERSIAL PUBLIC AFFAIRS:** Programmes involving expressions of opinion on political matters or other public affairs whether at the municipal, provincial, regional, national, or international level. Includes interpretative comments on the news. All programmes in this class have a flavor of controversy because of their posture in the political, social and economic scene. Programmes in class 5 are distinguished from these by their non-controversial nature.
- (5) **SOCIAL AND HUMAN RELATIONS:** Programmes dealing with social, economic, emotional, and mental problems of modern society. Includes films concerning the subject matter of the social sciences, and history or biography where the life of a famous individual or the event is presented to inform rather than primarily to entertain. Also include discussion of marriage and family problems, including applications of the social sciences. Programmes in this class need not deal only in non-controversial topics, but where they concern controversial topics, the manner of treating them is distinguished by an intent to inform rather than to move to action of one kind or another. Programmes presenting information concerning disasters, wars and famous military figures or other miscellaneous information are found in class 6.
- (6) **MISCELLANEOUS INFORMATION:** Programmes with miscellaneous information including those dealing with military history and men.

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- (7) **CANADIAN ACTIVITIES AND HERITAGE:** Programmes designed to inform an audience of the activities in their own locality or region including institutional and public events. Include also programmes designed specifically to reflect various aspects of Canadian life, to help foster a feeling of national unity and consciousness, and to interpret one part of the country to another. Programmes which teach the French or English languages are found here.
- (8) **"FEEDBACK" PROGRAMMES:** Programmes which concern the relations of the station to the people in its service area. Included here are programmes of discussion by citizens and station personnel.
- (9) **RELIGION:** Programmes concerned with religious belief, worship, and conduct of religions. Included here are religious services, talks, dramatizations, hymns, sacred music, etc.
- (10) **FINE ARTS AND LITERATURE:** Include painting, sculpture, graphic arts, readings, prose, poetry, literary and other art criticism, etc.
- (11) **DANCE:** Programmes designed to present ballet and other forms of the dance as an independent art.
- (12) **AGRICULTURE, FISHERIES AND OTHER OCCUPATIONAL TOPICS:** Programmes designed to meet the special needs and interests of major occupational groups.
- (13) **FAMILY LIVING AND SHOPPING:**
- (13a) **FAMILY LIVING:** Programmes concerned with the family, the household and its members. These programmes concern the family as spenders of income and of leisure time. They include programmes on cooking, marketing, personal care, safety, hobbies, pets, physical fitness and other consumer information and education.
- (13b) **MERCHANDISING:** Programmes designed for the sole purpose of selling gadgets and other products.
- (14) **MUSIC:**
- (14a) **SERIOUS MUSIC:** Includes all efforts at producing lasting music regardless of the form, period of time, and country in which the music was written. This category will include such widely different items as an ancient Gregorian chant (if presented purely as music outside a religious service) a Bach fugue, a Schubert lied, a Turina bolero, and a Gershwin piano concerto.
- (14b) **LIGHT MUSIC:** That type of popular music which over the years has become an accepted favourite, including semi-classical and dinner music, light opera, operettas, symphonic "pops", etc.
- (14c) **POPULAR AND DANCE MUSIC:** Instrumental or vocal programmes featuring all types of recent popular and dance music.
- (14d) **FOLK, WESTERN, OLD-TIME, AND BAND:** Music handed down among the people, including folk songs, jazz that does not fit into (14c) (i.e., "classical jazz"), western, square dance and country music, military brass bands, and pop music which retains its currency over several generations.

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- (14e) **MUSIC WITH LIGHT READINGS OF PROSE AND POETRY:** Intended for relaxation and nostalgic reassurance.
- (15) **DRAMA:**
- (15a) **SERIOUS DRAMA:** Plays of ideas or serious dramatic works of all periods, whether in original or adapted form. This category also includes modern comedy of some literary substance (e.g., "The Man Who Came to Dinner", "Tonight at Eight-thirty", etc.).
- (15b) **DOMESTIC DRAMA:** The weekly or multi-weekly dramatic programmes primarily concerned with domestic life and family relations. This category includes the so-called radio and TV "soap operas" but does not include those domestic dramas which are primarily comic in intent (see 15c). Include "one-shot" dramas which concern the life of a family, marital relations, etc. when they are neither of enough literary substance to qualify for Serious Drama, nor primarily concerned with the romantic love theme which distinguishes the Romantic Drama.
- (15c) **COMEDY DRAMA:** Dramatic programmes emphasizing comedy including some programmes closely related to the "domestic" class but with greater emphasis on comedy situations.
- (15d) **CRIME, WESTERN, ACTION, AND SCIENCE FICTION DRAMA:** Crime, melodrama, science fiction, murder, spy, detective, mystery, and horror stories; the standard cowboy melodrama; and adventure and action stories aimed at an adult or family audience.
- (15e) **ROMANTIC DRAMA:** Drama in which the theme of romantic love is predominant. The "boy meets girl" theme is more evident than comedy, action, adventure, or other elements.
- (15f) **MUSICAL COMEDY DRAMA:** Musical comedies where the dramatic element predominates as opposed to operettas (see 14b) where music is the predominant element.
- (15g) **OTHER DRAMA:** Include in this category only those dramatic presentations which cannot be fitted under the six other headings and which are designed primarily to entertain an adult family audience (e.g., grand guignol, melodramas, etc.).
- (16) **VARIETY:** Programmes containing several "acts" and including a mixture of comedy, music, dancing, comedy gags and patter etc. by professional or amateur talent in contests. This class is distinguished from Popular and Dance Music in that variety acts rather than music predominate.
- (17) **PERSONALITIES AND ODDITIES:** Interviews of, or conversations with or about celebrities, people in the news, unusual occupations, sensational events, etc. Include dramatizations of an individual's life problems in an ostensibly realistic manner and in conjunction with the appearance of the individual. Also includes those daytime programmes built around the personality of the master of ceremonies and interviews with members of the studio audience or guests. The emphasis is on displaying the subject rather than on serious discussion.

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- (18) **QUIZ, GAMES, AND CONTESTS:** Those programmes (exclusive of sports) in which the basic activity is a social game or contest of wits with prizes or penalties for the performance. They include audience participation games but exclude genuine amateur contests which appear in *Variety, Music*, etc. The primary purpose of this group of programmes is light entertainment.
- (19) **SPORTS:**
- (19a) **SPORTS NEWS AND INTERVIEWS:** News of the sports world. Interviews or discussions on sports where these are not minor parts of newscasts.
- (19b) **SPORTS EVENTS:** Include the major competitive team sports, field sports and individual athletic skills and recreations.
- (20) **CHILDREN'S:**
- (20a) **SCHOOL BROADCASTS AND OTHER YOUTH EDUCATIONAL:** Programmes designed mostly as a school or home teaching aid for children and teenagers. Include all school and nursery broadcasts here as well as junior farm, nature, and science broadcasts. Programmes intended to arouse an appreciation of music, etc. should also be included in this class.
- (20b-f) **DRAMA:**
- (20b) *Crime, Western, Action, and Science Fiction Drama:* Crime, science fiction, murder, spy, detective, mystery and horror stories; the standard cowboy melodrama; and adventure and action stories aimed at a child audience.
- (20c) *Comedy Drama:* Children's drama programmes emphasizing comedy.
- (20d) *Fairy Tales:* Children's tales and stories from folklore. Includes readings as well as dramatizations of fairy tales, folklore, and other children's fiction.
- (20e) *Serious Drama:* Serious drama as in (15a) but aimed at a child audience.
- (20f) *Other Drama:* All other children's dramatic programmes which cannot be fitted into any of the above headings.
- (20g) **VARIETY:** Variety shows for or by children. May contain music, comedy, circuses, clowns, acrobatics, vaudeville, etc. Also include programmes built around personality of a performer who tells stories, conducts a "mailbag", makes birthday announcements, plays (usually recorded) children's music, etc.
- (20h) **QUIZ, GAMES AND CONTESTS:** As in class (18) but with children as participants and intended for child audiences.
- (20i) **OTHER CHILDREN'S:** Other programmes not fitting into the children's classes above. For example, children's music programmes intended manifestly for entertainment were placed in this category.
- (21) **PROGRAMME PROMOTION:** Includes programmes designed to increase the audience for the station's programmes or to demonstrate the technique of station operation.

Appendix X

On the Comparative Availability of United States TV Network Programmes in Communities with TV Service in Canada and the United States

by DALLAS W. SMYTHE

There is a well-known saying that "distant hills look greener." This saying repeatedly comes to mind as one reads the transcript of the public hearings held in 1956 by the Royal Commission on Broadcasting. Either explicitly or by assumption, the feeling seems common in Canada that Canadian TV viewers are at a disadvantage as compared with United States viewers in not having access to all United States TV network programmes. It is easy to understand why this feeling might exist. For there are, of course, three nationwide networks of TV stations in the United States. And the total number of TV stations in the United States is many times the number in Canada. These facts would seem to be sufficient to explain the prevalence of the feeling noted above. But to them should be added another. The Canadian Broadcasting Corporation attempts to obtain for broadcast in Canada the best United States network TV programmes and within the limits of the policies of advertisers and networks generally succeeds in this attempt. As long as there is only one TV station per community in Canada, the easy inference is that addition of a second TV station per community would perhaps double the quantity of the better United States TV network programmes brought to Canadians by their own stations. Leaving aside the issue whether a second Canadian TV network service for such second stations would be feasible in the light of all the circumstances, this train of thought suggests another aspect of the "greener hills". It seems to be assumed that viewers in the United States receive as many TV network programmes as would be brought to Canadian viewers by *two* Canadian TV networks. Or that in the United States even more than two TV network services are generally available.

On casual examination of such facts and feelings, this observer wondered if perhaps in a sense the Canadian Broadcasting Corporation might not be its own worst enemy. That is to say, the question arises whether the better the job the CBC does of selecting and broadcasting the best United States TV network programmes, the more it arouses Canadian desires for additional such programmes, and the more pressures it indirectly generates to in effect add Canadian TV stations to United States networks. The following statement summarizes the results of some investigation aimed to test the foregoing feelings, assumptions and logic.

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What is the Physical Availability of TV Network Programmes to Communities in the United States?

As of March 1, 1956 there were 248 communities (or "markets") with one or more commercial TV stations in the United States — and there has been no significant change in this respect in the months since then. It may come as a surprise to some Canadians to learn that more than half of these communities have only a single TV station. To be exact, 136 communities or 55 per cent of the total have only a single station. It would be physically and economically impossible for the majority of United States TV communities to receive all of the TV network programmes produced in the United States.

An additional 65 communities have two TV stations. These amount to 26 per cent of all communities with TV stations. A total of 201 communities in the United States — or more than four-fifths of all TV communities — are thus physically unable to receive three full network programme services.¹ Of the 47 communities which had three or more TV stations and thus were physically able to receive three full network programme services, 45 (or 18 per cent) actually receive service from stations affiliated with all three United States networks. The difference arises from the fact that there were Ultra High Frequency TV stations with which networks were unwilling to affiliate in two of the communities.

It is true, of course, that in terms of total population, the 45 communities in the United States which do receive three full network services contain a much larger proportion of all TV households than their proportion of TV communities. Any determination of just what fraction of the population is served by the stations in these 45 communities is subject to some uncertainty because of the conflicting claims of stations as to their population coverage. It appears, however, that about 48 per cent of the total TV households in the United States are located in the 45 communities with three or more full network services available. More than half (about 52 per cent) of the United States population which receives any TV service, therefore, is unable to receive as many as three full network services. Of this 52 per cent of the TV households who receive less than three full network services a little more than half (or 28 per cent of the total) are in the 136 single-station communities and the remainder or 24 per cent of all TV households are in the 65 two-station TV communities. Even this analysis, however, tends to give an unrepresentative picture of the physical availability of TV service in the United States. For there are 13 communities with four or more TV stations which together amount to only 5 per cent of the number of communities but which claim nearly one-fourth (24 per cent) of all TV households. These well-served communities, of course, include New York City and Los Angeles and other large metropolitan areas.

¹ This and related statements assume that programme reception is only from stations within the market area if there are such stations. In fact this is substantially true, although some viewing takes place of programmes broadcast from other market areas than the one in which the viewer and at least one station are located. The limiting factors on such other-station viewing are the degraded quality of the signal from the distant station, the necessity to erect a high supporting structure for the antenna, and the viewer interest in *local* programmes such as weather, news, local sports events, etc.

As far as physical availability of network service is concerned, then, Canadian viewers are in the same situation as 28 per cent of the United States TV households located in 52 per cent of United States TV communities. And like 52 per cent of United States TV households, located in 81 per cent of United States communities, Canadians are unable physically to receive three full network TV programme services.

What is the Actual Availability of United States TV Network Programmes in a Typical Canadian and United States Community?

In any United States TV community with *less* than three TV stations one of which is actually affiliated with *each* network it would be a mistake to assume that the physical availability of network service means that the viewers in those communities have available to them an even-handed choice of the three network programme services. In order to compare the actual availability of United States network programmes in Canada and in the typical United States community, therefore, it is necessary to examine how network programmes are selected for broadcast in these less-than-three-station communities which serve the majority of the United States population.

Under United States broadcast law TV stations may affiliate with one or more networks but networks are not required to affiliate with any particular station or indeed with any station at all in a community. The terms of affiliation contracts differ somewhat from network to network but in general stations differ in relation to the regularity with which they are included in the group of stations which broadcast commercial programmes. A "basic" station is one which carries all network commercial programmes. Other affiliates are "supplemental" in one or more groups which differ in the regularity with which they are included in the network for particular programmes. Just which station in one of these communities is affiliated with which network depends on a multitude of factors. The size of the population in the community and its attractiveness to advertisers is the most basic consideration. Whether or not one or more of the TV stations in the community is Ultra High Frequency is a consideration for advertisers and networks have preferred Very High Frequency to Ultra High Frequency stations because of the fact that only a minority of TV receiving sets in the hands of viewers are able to receive UHF signals. And the personal, corporate, and even political relations of the owners of TV stations and networks are still a third important factor in determining which network affiliates with which station. A fourth and very important factor is the profitability for the station of carrying the programmes of one as against another network. Here the choice depends in part on the popularity of the programmes of one as compared with another network and in part on the volume of revenue which the station may receive from the network which is determined by the contractual terms negotiated. These terms are such that there is an incentive for the station in the single-station community to concentrate on the programmes of one network rather than to draw equally on two or three networks.

For the purposes of this analysis the most salient of these factors is the popularity of the programmes of the several networks. In recent years the Columbia Broadcasting System has managed to develop more programmes which consistently appear in the audience-rating service lists of most-viewed programmes than either of the other two networks. For example, *Variety* reports that the

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Nielsen ratings for the first two weeks in November 1956 show every one of the top ten TV programmes to be Columbia Broadcasting System programmes. It adds:

"Not only does CBS-TV clean-sweep the Top 10, but a detailed competitive breakdown shows that of all night-time periods where all three networks are in direct competition, CBS dominates the ratings in 35 half-hour periods, ABC in five and NBC in only six."¹

If viewers happen to be in a single- or two-station community where a TV station has a basic affiliation with CBS they are presently more likely to see more of the most popular programmes than if they are in communities where the stations are tied more closely to NBC or ABC.

Obviously the possible combinations of affiliations are numerous, especially in the two-station communities. In the simpler case of the single-station communities which amount to 55 per cent of all communities, the following proportions of stations (and communities) have basic affiliations with networks as follows:

NUMBER OF SINGLE STATION UNITED STATES TV COMMUNITIES WITH
STATED BASIC NETWORK AFFILIATIONS, MARCH 1, 1956

	<i>Number of Communities</i>	<i>Per cent</i>
CBS only	12	8.8
CBS and ABC	23	16.9
CBS and NBC	6	4.4
CBS, NBC and ABC	46	33.8
Subtotal	87	63.9
NBC only	12	8.8
NBC and ABC	16	11.8
ABC only	13	9.6
No affiliation reported	8	5.9
Subtotal	49	36.1
Total	136	100.0

Source of data: *Television Magazine*, April, 1956.

It is evident that viewers of stations in 49 (or 36.1 per cent) of the 136 single-station communities are not likely to see all of the CBS network programmes and that whether they would like them or not, viewers in 87 (or 63.9 per cent) of such communities are not likely to see many of the NBC or ABC network programmes.

In order to provide a specific illustration of the practical availability of United States network programmes in a typical Canadian and a typical United States community with a single TV station, the programmes presented by CBLT (Toronto) and by WCIA (Champaign, Illinois) were analyzed. The

¹ *Variety*, December 12, 1956, p. 25.

week selected was that of January 8 to 14, 1956—the week dealt with in the Canadian Broadcasting Corporation's brief to the Royal Commission. CBLT is, of course, the CBC English-language TV station serving the Toronto metropolitan area. WCIA is a VHF station serving Champaign-Urbana, Illinois with a market estimated to include more than 300,000 TV households. WCIA is located close to the center of a triangle the points of which are Chicago, Indianapolis and St. Louis. WCIA is the only commercial VHF station serving its market with a signal of primary quality. In most of its service area, alternative programme services from all three networks are only available from Chicago, Indianapolis and St. Louis at the cost of erecting tall outdoor antenna supporting structures and equipping them with rotating devices. For portions of the population within the service area, a minority of viewers with receivers capable of receiving UHF signals may receive from several UHF stations programme service from the American Broadcasting Company network if they install outdoor UHF antennae. WCIA is reported to be an affiliate of both CBS and NBC and is so classified in the table above. As will be observed from what follows it also broadcasts a few ABC programmes. In other studies of TV programmes in New York, New Haven, Los Angeles, Chicago, and Champaign-Urbana, it has appeared that the programme service of WCIA in Champaign-Urbana is fairly representative of United States stations.

In the week studied, a total of 81 different United States TV network programmes were broadcast by both stations. The Toronto station broadcast 24 of them and the Champaign station broadcast 72. The proportions originated by different networks may be analyzed from the following summary:

UNITED STATES TV NETWORK PROGRAMMES BROADCAST BY CBLT
AND WCIA, JANUARY 8-14, 1956—SUMMARY

Network	Broadcast by			
	Toronto Station		Champaign Station	
	No.	Per cent	No.	Per cent
CBS	12	50	51	71
NBC	9	37	17	24
ABC	3	13	4	5
Total	24	100	72	100

Almost three-fourths of the network programmes on the Champaign station came from CBS, with NBC providing one-fourth and ABC, one-twentieth. The distribution on the Toronto station was more even: CBS programmes were an even half of the total, almost two-fifths were from NBC, and one-eighth from ABC.

A detailed list of the programmes broadcast by WCIA but not by CBLT or *vice versa* would add little but confusion to this analysis. Of those broadcast by WCIA but not by CBLT in the study week, probably the most significant was Noel Coward's "Blithe Spirit" on the Ford Star Jubilee programme. The remainder were comedy dramas such as December Bride, quiz programmes such as \$64,000 Question, crime dramas such as Line-up and Dragnet and many

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soap operas and daytime quiz and variety programmes. The programmes available to viewers of the Toronto station but not of the Champaign station included Producer's Showcase (in the study week it played *Peter Pan* which despite two performances on NBC has never been available to WCIA's viewers), Studio One, Gillette Fights (Calvacade of Sports), Disneyland, Kraft TV Theatre, *Life is Worth Living*, and others.

An evaluation of the particular United States TV network programmes available only to Toronto or Champaign audiences would carry us into controversial aesthetic judgments which we are not competent to make authoritatively. It is evident, however, that a single-station community in the United States, even when it receives most CBS network programmes is deprived of an opportunity to view a number of leading programmes available to Toronto station viewers from NBC, ABC, and even CBS. One must also conclude that the same would be true for most if not all United States single-station communities.

Conclusion

Upon investigation it appears that even with the present availability of TV programme service in Canada, Canadian viewers are no worse off than the more than one-fourth of the United States population located in 52 per cent of the United States TV communities having only a single TV station. Canadian viewers are probably better off than this would suggest by virtue of the more even-handed availability in such single-station communities of network programmes from all three United States networks than is possible for United States viewers with the commercial system of selecting network programmes through station affiliation contracts. And lastly Canadian viewers are in the same situation as are the majority of viewers located in 81 per cent of United States TV communities in *not* having available the full programme services of three TV networks. Substantial grounds exist, therefore, for concluding that it is a "distant hills are greener" phenomenon when Canadian viewers envy United States viewers the enjoyment of three network services full of programmes like those selected by the CBC for broadcast in Canada. In fact, to the extent that such envy exists, the Canadian Broadcasting Corporation, by selecting outstanding United States programmes from all three networks, does arouse hopes, expectations and feelings which are not satisfied in the real situation in the United States.

Appendix XI

An Act Respecting Broadcasting

PART I

SHORT TITLE

1. This Act may be cited as the *Canadian Broadcasting Act, 1957*.

INTERPRETATION

2. In this Act,

- (a) "Board" means the Board of Broadcast Governors;
- (b) "broadcasting" means the dissemination of any form of radioelectric communication, including radiotelegraph, radiotelephone, the wireless transmission of writing, signs, signals, pictures and sounds of all kinds by means of Hertzian waves, intended to be received by the public either directly or through the medium of relay stations;
- (c) "channel" means a wavelength, frequency or television channel authorized to be used for broadcasting;
- (d) "Corporation" means the Canadian Broadcasting Corporation;
- (e) "Corporation station" means any broadcasting station owned or operated by the Corporation;
- (f) "governor" means a member of the Board of Broadcast Governors;
- (g) "Minister" means the Minister of Transport;
- (h) "network" means the interconnection of any two or more stations inside or outside of Canada for the purpose of broadcasting the same programme either simultaneously or after a delay and includes any arrangement for the reproduction of any programme by any method which would have the effect of simulating such interconnection;
- (i) "private station" means any broadcasting station licensed to a person other than the Corporation;
- (j) "programme" means any live or recorded programme or part thereof;
- (k) "station" means any station licensed under the *Radio Act* as a broadcasting station.

APPLICATION OF ACT

3. Subject as herein provided, this Act applies to all broadcasting in Canada whether by the Corporation or by private stations.

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PART II

BOARD OF BROADCAST GOVERNORS

CONSTITUTION OF BOARD

4. (1) There shall be a board known as the Board of Broadcast Governors, consisting of fifteen governors appointed by the Governor in Council in accordance with this Act.

(2) The governors shall be selected from diversified occupations and, so far as may be practicable, there shall be representation on the Board from the principal regions of Canada.

(3) Three governors shall be appointed as of the 1st day of January in each year to hold office for terms of five years.

(4) Each governor shall hold office during good behaviour for the term of his appointment but may be removed at any time by the Governor in Council upon address of the Senate and the House of Commons.

(5) Upon the expiration of his term of office a governor shall not be eligible for re-appointment but shall become so eligible after a period of one year from the expiration of his previous term.

5. (1) Notwithstanding sub-section (3) of section 4, upon the coming into force of this Act fifteen governors shall be appointed to hold office for the following terms to be calculated from the 1st day of January preceding the date of appointment in each case: three for a term of one year, three for a term of two years, three for a term of three years, three for a term of four years, and three for a term of five years.

(2) Where the office of any governor becomes vacant through death, resignation or for any other cause prior to the expiration of his term, the Governor in Council may appoint any eligible person a governor in his place to hold office for the balance of the unexpired term, and shall so appoint such eligible person within one year of the date on which the vacancy commenced.

(3) Sub-section (5) of section 4 shall not apply to any governor appointed under this section where the term of office of any governor so appointed is less than three years.

(4) No vacancy on the Board shall impair the powers of the remaining governors to act.

6. The Governor in Council shall designate one of the governors to be the Chairman and one to be the Vice-Chairman of the Board.

7. No person shall be appointed or shall continue to hold office as a governor who

(a) is not a Canadian citizen,

(b) holds any office or employment, or has any pecuniary interest, direct or indirect, individually or as a shareholder or partner or otherwise, in broadcasting (except such interest as he may have acquired by gift, will or succession, in which event he must dispose of such interest within three months), or

(c) has reached the age of seventy-five years.

8. (1) Each of the governors, other than the Chairman and the Vice-Chairman of the Board, shall be entitled to receive in respect of the services rendered by him such fees as may be fixed by the Board; provided that the aggregate amount of the fees paid to all such governors, exclusive of expenses, shall not exceed thirty thousand dollars in any fiscal year.

(2) The Chairman and the Vice-Chairman of the Board shall receive such fees as may be fixed by the Governor in Council at the time they are respectively designated as such.

9. The Governor in Council shall upon the recommendation of the Minister provide within the City of Ottawa a suitable place in which the meetings of the Board may be held and also suitable offices for the governors and the officers and employees of the Board and all necessary furnishings, stationery and equipment for the conduct, maintenance and performance of the duties of the Board.

10. (1) The Board shall hold its meetings at such times and in Ottawa or elsewhere as the Board may determine.

(2) Six members of the Board shall form a quorum for the transaction of business.

11. (1) There shall be an Executive Committee of the Board, consisting of the Chairman of the Board and three other governors or their alternates as selected by the Board.

(2) The Executive Committee shall not have the power to make regulations under section 20, or to take action pursuant to any public hearing as referred to in sub-section (1) of section 32, but otherwise shall be competent to deal with any matter within the competence of the Board.

(3) The Executive Committee shall keep minutes of its proceedings which shall be submitted to the Board at its next meeting.

(4) Three members of the Executive Committee shall form a quorum.

12. The Governor in Council may, from time to time, or as the occasion requires, appoint one or more experts, or persons having technical or special knowledge of the matters in question, to assist in an advisory capacity in respect of any matter under consideration by the Board.

13. The Board may make rules and provisions, not repugnant to the provisions of this Act, respecting

- (a) the calling of meetings of the Board and of the Executive Committee and how questions considered at such meetings shall be determined;
 - (b) the appointment, functions and procedure of such standing or *ad hoc* committees as the Board may consider necessary in the conduct of its affairs; and
 - (c) generally, the carrying on of the work of the Board, the management of its internal affairs, and the duties of its officers and employees;
- and in the absence of other rule or provision as to any such matter, such matter shall be in the charge and control of the Chairman of the Board or such other governor or governors as the Board may direct.

SECRETARY AND STAFF

14. There shall be a Secretary of the Board who shall be appointed by the Governor in Council to hold office during pleasure.

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15. (1) It shall be the duty of the Secretary

- (a) to keep a record of all proceedings of the Board and of the Executive Committee;
- (b) to have the custody and care of all records and documents belonging or appertaining to the Board or filed in his office;
- (c) to obey all rules and directions that may be made or given by the Board or the Chairman of the Board touching his duties or office, and in the event of a conflict in such rules or directions those made by the Board shall prevail; and
- (d) to have every regulation and order of the Board or of the Executive Committee drawn pursuant to the direction of the Board or of the Committee, and filed in the office of the Secretary.

(2) The Secretary shall keep in his office suitable books of record, in which he shall enter a true copy of every such regulation and order, and every other document that the Board may require to be entered therein, and such entry constitutes and is the original record of any such regulation or order.

(3) Upon application of any person, and on payment of such fees as the Board may prescribe, the Secretary shall deliver to such applicant a certified copy of any such regulation or order.

(4) The Secretary may be paid out of money appropriated by Parliament for such purpose such annual salary as may from time to time be fixed by the Governor in Council.

16. (1) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Board may be appointed in the manner authorized by law.

(2) The officers, clerks and employees attached to the Board may be paid out of such money as may be appropriated by Parliament for the purpose.

(3) Whenever the Board, by virtue of any power vested in it by this Act or any other Act of the Parliament of Canada appoints or directs any person, other than a member of the staff of the Board, to perform any service, such person shall be paid therefor such sum for services and expenses as the Governor in Council may, upon the recommendation of the Board, determine.

(4) The salaries or remuneration of all such officers, clerks, stenographers and messengers, and all the expenses of the Board incidental to the carrying out of this Act, including all actual and reasonable travelling expenses of the governors and the Secretary, and of such members of the Staff of the Board as may be required by the Board to travel, necessarily incurred in attending to the duties of their office, shall be paid monthly out of moneys to be provided by Parliament.

JURISDICTION AND POWERS OF THE BOARD

17. The Board is charged with the supervision, regulation and control of all broadcasting in Canada in the public interest.

18. The Board may, by order, require any station to file with the Board at any time or from time to time such information respecting its programmes, its financial position or otherwise relating to its business or affairs, in such detail and in such form as the Board may determine.

19. (1) As soon as practicable after the end of each fiscal year the Board shall submit to the Minister an annual report of its affairs and such report shall include

- (a) a report on the broadcasting performance of private stations during the year in such detail as the Board may decide or the Minister may require;
- (b) the report of the Corporation to the Board as required by section 52 of this Act;
- (c) a report in summary form of the capital employed and the profits and losses made by private stations during their respective last completed fiscal years;
- (d) a summary of the decisions of the Board in regard to any matter or thing respecting which the Board or the Executive Committee has acted during the year; and
- (e) a report or reports on such other matters as appear to the Board to be of public interest in connection with broadcasting in Canada.

(2) No report under sub-section (1) of this section, in so far as it relates to the financial affairs of private stations, shall contain information or material in such detail that the capital employed or the profit or loss made by any individual private station will be revealed.

(3) The report to the Minister under sub-section (1) of this section shall forthwith be laid before both Houses of Parliament, if then in session, and if they are not in session, then during the first fifteen days of the next ensuing session of Parliament.

REGULATIONS

20. (1) Subject to the provisions of this Act, the Board may make regulations:

- (a) to control the character of any and all programmes broadcast by stations in Canada;
- (b) to determine the proportion of time that may be devoted to advertising in any programmes broadcast by stations in Canada and to control the character of such advertising;
- (c) to prescribe the proportion of time that may be devoted to political broadcasts by stations in Canada; and
- (d) to promote and ensure the greater use of Canadian talent by stations in Canada.

(2) Upon the coming into force of this Act, any regulations, not inconsistent with the provisions of this Act, made by the Canadian Broadcasting Corporation under the *Canadian Broadcasting Act*, chapter 32 of the Revised Statutes of Canada, 1952, as amended, shall be deemed to be regulations made by the Board under this Act until repealed or replaced by the Board.

21. (1) In addition to the making of regulations under section 20, the Board may make specific orders as to the broadcasting performance of any station or stations in relation to any of the matters mentioned in section 20.

(2) No order shall be made under this section until it has been considered by the Board at a public hearing, of which notice shall have been given to the licensee of any station affected and at which such licensee shall have had an opportunity to be heard.

(3) An appeal by any station affected from any order issued under this section may be made within thirty days to the Governor in Council on the grounds that such order is unduly onerous or otherwise unreasonable.

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NETWORKS

22. Subject to the provisions of this Act, no station shall operate in Canada as a part of a chain or network of stations except in accordance with an order of the Board.

23. (1) The Board may, by order,

- (a) grant permission to any station to operate as a part of a chain or network of stations upon such terms and conditions as the Board may decide;
- (b) require any station to operate as a part of a chain or network of stations upon such terms and conditions as the Board may decide; and
- (c) designate any station or agency as the operator of any chain or network of stations.

(2) The Board may authorize any officer, agent or employee of the Board to receive applications for permission to operate as a part of a chain or network of stations and where any such application is received in such circumstances that it must be acted upon before the next forthcoming meeting of the Board or of the Executive Committee of the Board, such officer, agent or employee shall have authority to grant or refuse such application, and any order made by such officer, agent or employee shall be deemed to be an order of the Board under this section.

24. Upon the coming into force of this Act, any chain or network of stations which, immediately prior to the coming into force of this Act, was being operated by the Canadian Broadcasting Corporation under the *Canadian Broadcasting Act*, chapter 32 of the Revised Statutes of Canada, 1952, as amended, or which had received the permission of the said Canadian Broadcasting Corporation under the said Act, shall be deemed to be operating or to have received permission to operate, as the case may be, in accordance with an order of the Board made under section 23 of this Act.

25. The Board may at any time review and rescind or alter any order made under section 23 of this Act.

ENFORCEMENT AND PENALTIES

26. The Board shall establish a department or branch to be charged with the responsibility for enforcing the provisions of this Act and regulations and orders under this Act.

27. Any person who violates or fails to observe any provision of this Act or any regulation or order under this Act shall be liable on summary conviction to a penalty of not less than fifty dollars and not more than one thousand dollars, together with the costs of the proceedings, for each such violation or failure.

28. (1) If in the opinion of the Board any station is guilty of a flagrant violation or non-observance or repeated violations or non-observance of any provision of this Act or any regulation or order under this Act, the Board may, after notice has been given to the licensee of the station affected of the violation or violations or non-observance complained of and a public hearing held at which such licensee has had an opportunity to be heard, order that the licence of such station be suspended for a period not exceeding three months, but such order shall not be effective until the expiration of ten days after the making thereof.

(2) Where an order has been made by the Board under this section, it shall be forwarded to the Minister who shall forthwith communicate the same to the licensee and shall take such steps as may be necessary to carry out the terms of such order.

(3) Any order made under this section may be appealed to the Exchequer Court of Canada, by leave of a judge of that court, on any question of law arising out of the making of such order and the court or a judge thereof may stay the operation of such order pending its final decision and may affirm, alter or rescind the order appealed against.

LICENSING PROCEDURE

29. (1) The Minister, before dealing with any application for a licence to establish a new station or for an increase in power, change of channel, or change of location of any existing station, or making any regulations or changes in regulations under the *Radio Act* affecting stations, shall refer such application or regulation to the Board.

(2) Any reference by the Minister under this section shall be the subject of a public hearing by the Board at which the Corporation, licensees of private stations and interested members of the public shall have an opportunity to be heard.

(3) After the public hearing, the Board shall report its findings to the Minister and such report shall contain a recommendation as to the disposition of the application or proposed regulation, and if a conflict of opinion has been expressed before the Board, shall set forth fully the substance of such conflicting opinions for the consideration of the Minister.

(4) In making any recommendation to the Minister under this section, the Board shall specifically appraise the effect upon the public interest of the grant or refusal of the application or the making of the regulation in relation to the establishment and maintenance of the national broadcasting service within Canada.

(5) The approval of the Governor in Council shall be obtained before any licence for a new station is issued by the Minister.

30. (1) If, prior to the time that any licence to operate a station is to terminate under the *Radio Act* and Regulations thereunder, the Board is of the opinion that it would be against the public interest for the licence to be continued in force as therein provided, it may recommend to the Minister that the licence be not continued in force, provided that no such recommendation shall be made unless the Board shall have held a public hearing on the matter, of which notice shall have been given to the licensee of the station affected and at which he shall have had an opportunity to be heard.

(2) In making any recommendation to the Minister under this section, the Board shall report upon the proceedings at the public hearing and shall give the reasons for its opinion that the continuation in force of the licence would be against the public interest.

PUBLIC HEARINGS

31. (1) The Board may hold a public hearing in connection with any matter or thing respecting which the Board is required or permitted to act under the provisions of this Act.

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(2) A public hearing may be held in Ottawa or elsewhere in Canada as the Board may determine.

32. (1) In any case where this Act requires or permits the holding of a public hearing by the Board, the Board may provide or the Chairman of the Board may direct that such hearing be conducted by any one or more governors, constituting a committee of the Board or otherwise; provided that the governors conducting such hearing shall make a report thereon to the Board at its next meeting, and any action to be taken pursuant to such hearing shall be taken by the Board after receiving such report.

(2) Any governor or governors conducting a public hearing under the provisions of this Act shall have all the powers of commissioners under Part I of the *Inquiries Act*.

33. Notice of any public hearing, setting forth the place, date and time of hearing and, in summary form, the nature of the matter to be heard, shall be published in the *Canada Gazette*, and in a daily newspaper published in the area in which the hearing is to be held, not less than fifteen days prior thereto, but, except as provided in this Act, no other notice or advertisement of any hearing need be given or published.

PART III

CANADIAN BROADCASTING CORPORATION

34. (1) There is hereby established a corporation called the Canadian Broadcasting Corporation.

(2) The Corporation is a body corporate having capacity to contract and to sue and be sued in the name of the Corporation.

(3) Except as provided in section 43, the Corporation is for all purposes of this Act an agent of Her Majesty and its powers under this Act may be exercised only as an agent of Her Majesty.

(4) Actions, suits or other legal proceedings in respect of any right or obligation acquired or incurred by the Corporation on behalf of Her Majesty, may be brought or taken by or against the Corporation, in the name of the Corporation in any court that would have jurisdiction if the Corporation were not an agent of Her Majesty.

35. (1) The authorized capital of the Corporation is \$10 million and shall be divided into 100,000 shares of the par value of \$100 each.

(2) The Minister shall subscribe for the said shares at par and the Minister of Finance shall, with the approval of the Governor in Council, pay the amount of such subscription out of moneys in the Consolidated Revenue Fund at such times, in such amounts and in such manner as the Corporation requires.

(3) The shares shall be issued and registered in the name of the Minister who shall hold them on behalf of Canada.

36. The head office of the Corporation shall be at Ottawa in the Province of Ontario and the Corporation may establish branch offices elsewhere.

MANAGEMENT

37. The Corporation shall be under the management of a President, a General Manager, and such other executive officers as may from time to time be appointed and designated as such by the Board.

38. (1) The Governor in Council shall make the first appointments to the offices of President and General Manager and in the first instance fix their salaries and thereafter the Board with the approval of the Governor in Council shall appoint and fix the salaries of the President and General Manager.

(2) The President and General Manager

- (a) shall each devote the whole of his time to the performance of his duties under this Act and shall not hold any other office or accept any other employment; and
- (b) shall each be appointed for a period of seven years during good behaviour and shall be eligible for re-appointment on the expiry of his term of office.

39. (1) No person shall be appointed as President or General Manager and no person shall continue to hold any such office who

- (a) is not a Canadian citizen;
- (b) is a director, officer or employee of a private station or of any firm or corporation engaged in the manufacture or distribution of or having any interest in radio or television apparatus;
- (c) is employed in any capacity in the public service of Canada or of any province of Canada or holds any office or position for which any salary is payable out of public moneys, but nothing in this paragraph prohibits the said persons from holding office while performing temporary services for the Government of Canada or of any province; or
- (d) has reached the age of seventy years.

(2) A person appointed as President or General Manager who has at the time of his appointment, or acquires by gift, will or succession during his term of office, any share of ownership in a private station, shall divest himself of such ownership within three months after the date of his appointment or such acquisition by gift, will or succession, and shall not thereafter during his term of office have an interest either directly or indirectly in any such station, firm or corporation.

(3) A person appointed as President or General Manager who fails to comply with the provisions of sub-section (2) thereupon ceases to hold office.

40. The Board may appoint one or more Assistant General Managers and such other executive officers of the Corporation as it may from time to time determine who shall receive such remuneration as the Board may decide.

41. (1) The President shall be the chief executive officer of the Corporation and shall be responsible to the Board for the conduct and direction of the affairs of the Corporation.

(2) The General Manager shall have and may exercise all the powers of the President, if the President is absent or unable to act or the office is vacant, and shall have such other duties as may be specified in the by-laws of the Corporation or assigned to him by the Board.

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42. (1) The Board may make by-laws for the Corporation, not repugnant to the provisions of this Act

- (a) to enable it to carry into effect the obligations imposed upon it by this Act;
- (b) to provide for the appointment of advisory councils to advise it as to programmes; and
- (c) to provide for the employment, dismissal, control and remuneration of such officers, clerks and employees, technical or otherwise, as may be necessary for the transaction of the business of the Corporation.

(2) No such by-laws shall come into force or effect until approved by the Governor in Council and no alteration, modification or repeal of any such by-law shall have any force or effect until so approved.

43. The Corporation may on its own behalf employ such officers and employees for such purposes and on such terms and conditions as it may determine, subject to the by-laws of the Corporation, and such officers and employees are not officers or servants of Her Majesty.

BUSINESS AND POWERS OF THE CORPORATION

44. The Corporation shall be responsible to the Board for carrying on a national broadcasting service within Canada and for that purpose may:

- (a) maintain and operate broadcasting stations;
- (b) establish, subject to the grant of licences therefor under the provisions of the *Radio Act*, such stations as may be considered necessary to give effect to the provisions of this Act;
- (c) equip stations with all such plant, machinery and other effects as may be requisite or convenient to permit of the same effectively receiving and transmitting for broadcasting purposes;
- (d) make operation agreements with private stations for the broadcasting of programmes of the Corporation by a network or otherwise;
- (e) prescribe periods of time to be reserved periodically by any private station which is a part of a chain or network operated by the Corporation for the broadcasting of programmes of the Corporation;
- (f) order any private station to broadcast any programme of the Corporation which, in the opinion of the Corporation, is of wide national interest;
- (g) originate programmes and secure programmes, from within or outside Canada, by purchase or exchange and make arrangements necessary for their transmission;
- (h) make contracts with any person or persons, in or outside Canada, in connection with the production or presentation of the programmes of the Corporation;
- (i) make contracts with any person or persons, in or outside Canada, to perform in connection with the programmes of the Corporation;
- (j) publish and distribute, whether gratis or otherwise, such papers, periodicals, and other literary matter as may seem conducive to any of the objects of the Corporation;
- (k) collect news relating to current events in any part of the world and in any manner that may be thought fit and to establish and subscribe to news agencies;

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- (l) acquire copyrights in any literary, musical or artistic works, plays, songs, gramophone records, news and other matter;
- (m) acquire and use any patent, or patent right, *brevets d'invention*, licences or concessions that may be considered useful for the purpose of carrying out the objects of the Corporation;
- (n) make arrangements or agreements with any organization for the use of any rights, privileges or concessions that may be considered useful for the purpose of carrying out the objects of the Corporation;
- (o) establish and support a pension fund for the benefit of employees or ex-employees of the Corporation and any member of the Corporation who is engaged full time in the business of the Corporation and the dependents of such persons;
- (p) acquire private stations either by lease or, subject to the provisions of sections 45 and 46, by purchase;
- (q) subject to sections 45 and 46, purchase, lease or otherwise acquire, any real or personal property that may be deemed necessary or convenient for the purposes of the business of the Corporation;
- (r) subject to sections 45 and 46, sell, lease, or otherwise dispose of, all or any part of the property of the Corporation;
- (s) do all such other things as may be deemed incidental or conducive to the attainment of any of the objects or the exercise of any of the powers of the Corporation.

45. (Provisions to replace present section 10)

46. (1) No real property or private station shall be purchased, acquired, sold, exchanged or mortgaged by the Corporation unless the approval of the Governor in Council upon the recommendation of the Board has first been obtained, and if the Corporation is unable to agree with the owner of any real property or private station that it is so authorized to purchase, as to the price to be paid therefor, the Corporation has the right to acquire the same without the consent of the owner and the provisions of the *Expropriation Act* are *mutatis mutandis* applicable to the acquisition of such property by the Corporation.

(2) Any plan and description deposited under the provisions of the *Expropriation Act* may be signed by the President or the General Manager and the property shown and described in such plan and description so deposited shall thereupon be and become vested in the Corporation for the purposes of the Corporation unless the plan and description indicates that the property taken is required for a limited time only, or that a limited estate or interests therein is taken; and by the deposit in such latter case, the right of possession for such limited time or such limited estate or interest shall be and become vested in the Corporation.

(3) The compensation payable in respect of the taking of any such real property or private station or of any interest therein, or of lands injuriously affected by the construction of any undertaking or works shall be ascertained in accordance with the provisions of the *Expropriation Act*, and for that purpose the Attorney General of Canada may file an information in the Exchequer Court of Canada on behalf of the Corporation to all intents and purposes and if such property had been expropriated by Her Majesty under the provisions of the said Act; the amount of any judgment under such proceedings shall be payable out of the funds of the Corporation.

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FINANCES OF THE CORPORATION

47. (Financial provisions to replace present s. 14).

48. The Corporation may administer all funds that may be placed to its credit in the Bank of Canada or in a chartered bank in accordance with section 47, and may administer all other sums and revenues that may be obtained by or given to the Corporation or derived from any other source, exclusively in furtherance of the purposes for which the Corporation is constituted.

49. The fiscal year of the Corporation shall end on the 31st day of March in each year.

50. (1) The Corporation through the President shall submit to the Board at least once in each year and in such detail as the Board may require a budget of its proposed expenditures and anticipated revenues for the next ensuing fiscal year of the Corporation.

(2) The Board shall review the budget of the Corporation submitted as aforesaid and shall approve the said budget after making such amendments, changes or additions as it sees fit.

(3) No expenditures not contained or provided for in the said budget approved by the Board shall be made by the Corporation unless the approval of the Board has first been obtained.

(4) The Corporation shall establish and maintain a system of accounts satisfactory to the Board and shall furnish to the Board from time to time or periodically at such times and in such manner as the Board may require such statements or reports of its receipts and expenditures or in any way respecting any of its business or activities under this Act as the Board may determine, and all books of account, records, bank books and papers of the Corporation shall at all times be open to the inspection of the Board or of such person as the Board may designate.

51. The accounts of the Corporation shall be audited by the Auditor General of Canada and a statement of such accounts shall be included in the annual report of the Corporation.

52. As soon as practicable after the end of each fiscal year the Corporation shall submit to the Board an annual report with regard to the administration of the affairs of the Corporation during the preceding fiscal year in such form and in such detail as the Board may require.

PART IV

GENERAL PROVISIONS

53. (1) Dramatized political broadcasts by any station are prohibited.

(2) The names of the sponsor or sponsors and the political party, if any, upon whose behalf any political speech or address is broadcast shall be announced immediately preceding and immediately after such broadcast.

(3) Political broadcasts on any Dominion, provincial or municipal election day and on the two days immediately preceding any such election day are prohibited.

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54. (1) *The Canadian Broadcasting Act*, chapter 32 of the Revised Statutes of Canada, 1952, as amended, is hereby repealed.

(2) The repeal of the said Act by sub-section (1) of this section does not affect any right, privilege, obligation or liability acquired, accrued, accruing or incurred under section 13 of the said Act prior to the coming into force of this Act.

(3) Except as otherwise provided by this Act, all rights, property and assets and all obligations and liabilities which, immediately prior to the coming into force of this Act, were vested in or imposed upon the Canadian Broadcasting Corporation constituted under the Act repealed by this section shall by virtue of this Act be vested in or imposed upon the Corporation, and in any contract, agreement or other instrument to which the first mentioned Corporation was a party any reference to that Corporation shall be read as a reference to the Corporation.

55. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

56. This Act shall expire on the 31st day of July, 1967.

Appendix XII

Report of the Financial Adviser, Guy E. Hault

Montreal, February 1, 1957.

To the Chairman and Members
of the Royal Commission on Broadcasting,
Ottawa, Ontario.

Sirs:

I submit herewith the following report on the examination made in pursuance of instructions received from you to inquire into and report on (1) the organization, financial operations and estimated cash requirements for the fiscal years 1958-1963 and other aspects of the Canadian Broadcasting Corporation, (2) the 1955 financial operations of the privately-owned radio and television broadcasting stations in Canada.

I have signed the report personally but throughout I have used 'we' as meaning the firm of P. S. Ross & Sons and the other partners and staff of P. S. Ross & Sons associated with me in the examination.

In the course of the examination:

(i) We visited the head office of the Canadian Broadcasting Corporation at Ottawa and the offices at Montreal and Toronto, its principal operating centres. We examined financial reports from all regional offices of the Corporation. While we have not made an audit of the financial transactions, we have reviewed the annual financial statements from its inception in 1936 up to and including the year 1956. We have also reviewed the budgets for the years 1954, 1955 and 1956 and compared them with actual performance for the said years. We worked closely with key personnel and other members of the staff of the Corporation in the preparation of the Forecast of Cash Requirements 1958-1963. We made a general review of the accounting system and procedures. The financial year of the Canadian Broadcasting Corporation ends on March 31. Where I refer to a year in this report, my reference is to the fiscal year ending on March 31.

The information contained in this report with respect to the Canadian Broadcasting Corporation has been obtained from the aforementioned review, from the records and documents on file, from discussions with officers and staff and by reference to pertinent memoranda or briefs filed by the Corporation with the Commission.

(ii) We visited one private broadcasting station in Canada, owning and operating a radio and a television station and reviewed its financial operations for the fiscal year 1955. The information obtained as a result of our review was for our confidential information and guidance and is not disclosed in this report.

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(iii) We reviewed the annual return of the revenues, expenditures and profits for financial periods ending in 1955 of the private commercial broadcasting stations as filed with the Minister of Transport. From our review of these returns, we prepared a composite statement of the operating results of the privately-owned commercial radio and television broadcasting stations for 1955.

(iv) We visited the office of the National Broadcasting Company, Inc. in New York and interviewed a number of officials and members of the staff of the Corporation and discussed with them such subjects as organization, operations, financial and accounting matters.

(v) We visited the head office of the Canadian Association of Radio and Television Broadcasters. We obtained information from the Executive Vice President regarding the finances of the Association and the nature of its expenditures, and we reviewed audited statements of the Association for the five years 1951-1955.

We wish to record our appreciation of the co-operation, assistance and courtesy extended to us by the officers and staff of the Canadian Broadcasting Corporation. Our examination extended over a period of about twelve months involving detailed study and examination of many aspects of the financial administration and operating results of the Corporation. Management arranged for us to see members of the staff at our convenience. All were ready to answer questions and to discuss fully and frankly every point or question put before them.

We are also grateful for the assistance afforded to us by the executive, officers and staff of the National Broadcasting Company, Inc. and the executive of the Canadian Association of Radio and Television Broadcasters. We should also like to thank the owners, officers and staff of the privately owned broadcasting station visited by us for their co-operation.

The report is divided into the undernoted four parts, wherein we deal with the matters covered by your instructions to us. We have numbered the sections under each part to facilitate reference.

Part I — Canadian Broadcasting Corporation Historical Information

1. General
2. Financial

II — Canadian Broadcasting Corporation Forecast of Cash Requirements 1958-1963

III — Privately-owned Radio and Television Stations

IV — Comments and Suggestions

1. For Consideration of the Commission
2. For Consideration of Management of
the Canadian Broadcasting Corporation

Respectfully submitted,

Guy E. HOULT, C.A.
of P. S. ROSS & SONS

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PART I

CANADIAN BROADCASTING CORPORATION

HISTORICAL INFORMATION

1. *GENERAL*

1. LEGISLATIVE AUTHORITY

Privately-owned radio and television broadcasting stations in Canada are subject to the provisions of the Radio Act 1938 (as amended) R.S.C. 1952, Ch. 233 and to the Canadian Broadcasting Act 1936 (as amended) R.S.C. 1952, Ch. 32.

All broadcasting stations (including those owned by the Canadian Broadcasting Corporation) are classified "Private Commercial Broadcasting Stations".

The Canadian Broadcasting Act 1936 (as amended) R.S.C. 1952, Ch. 32 is the legislative basis or authority of the present national system. This Act established the Canadian Broadcasting Corporation (hereinafter referred to as the CBC) to carry on a national broadcasting service within Canada and outlines its composition and powers. The Corporation may contract and sue and be sued in its own name. It is, for all purposes, an agent of Her Majesty and its powers under the Act may be exercised only as an agent of Her Majesty.

Control of broadcasting from a technical point of view is administered by the Department of Transport and from a programme point of view by the Canadian Broadcasting Corporation. In addition, the Minister of Transport and the Canadian Broadcasting Corporation exercise control over the ownership of private commercial broadcasting stations and over the ownership of shares of companies which are licensees.

Order in Council P.C. 156/8855 dated November 17, 1943 provides that the CBC be responsible for maintenance, operations, programming and administration of the High Power Short Wave Broadcasting Centre near Sackville, New Brunswick. This operation is generally referred to as the International Service. The funds for this service — both operating and capital — are provided annually by vote of Parliament; policies for the service are set by the Department of External Affairs. The total capital cost of the International Service facilities at the end of 1956 amounted to \$6,141,000 and is carried on the books of the CBC and is shown as a separate item on both sides of the balance sheet.

2. ORGANIZATION AND MANAGEMENT

The purpose of the national broadcasting system is to provide radio and television broadcasting service for the whole nation; to provide programme service in the two main languages; to develop the best possible national service of Canadian programmes together with programmes brought in from outside the country.

To fulfil its purpose, the Corporation has to arrange for the planning and production of a great number and variety of programmes; the distribution of programme service from Newfoundland to British Columbia; the carrying of programmes under its co-ordinating powers by private stations; the carrying

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on of commercial business relating to the production and bringing in of programmes; and the carrying on of all technical operations related to the operations of studios, transmitters and networks.

The Corporation handles funds that come through public channels and also from its commercial activities. It has to arrange for budgeting of expenditures and for the control and accounting of them.

For broadcasting purposes, the country is divided into six regions. The work of broadcasting in various of the regions is carried on in many locations — some owned, some leased — some of which are stated to be not well suited to their present purposes. These difficulties of accommodation have obvious disadvantages; they have the special disadvantage of making it difficult for persons engaged in different branches of the work to maintain contact with one another and to have the continual opportunities of informal discussions.

The Corporation consists of a Board of Governors, including a Chairman and a Vice-Chairman. The Governors are appointed by Order in Council and can be dismissed at any time in the same way. The Chairman is appointed for a term of ten years and the other Governors for three years. A retiring Governor is eligible for re-appointment. The Chairman serves full time, the Governors part time only.

There is an Executive Committee consisting of the Chairman, the Vice-Chairman and two other members of the Board of Governors. Few formal meetings of this Committee have been held in recent years. The Committee is empowered to take such action as may be necessary in connection with the business and policies of the Corporation. Each specific action requiring approval is reported at the ensuing meeting of the full Board.

The Governors are the Corporation. They decide upon major matters of policy but the execution of that policy and the general administration of the Corporation is left to the General Manager and his officers.

The Board reviews and studies all applications for broadcasting licences (which applications in the first instance are made to the Department of Transport) and makes such recommendation to the Minister of Transport as it may deem fit.

The General Manager is the chief executive officer of the Corporation. He is responsible for all activities and functions of the Corporation, including operating and capital budgets, estimates for any proposed financial requests to be made to the Government and the preparation of the annual report. He reports to the Board of Governors and may attend their meetings. He may delegate certain of his powers to other officers or employees. There is an Assistant General Manager.

Under the General Manager there are various line and staff officers, divisions and regions.

The organizational structure designed to carry out the functions of the Corporation is as follows:

- (i) National Executive (located at Ottawa)

Comprised of:

General Manager, Assistant General Manager (who is also Controller of Broadcasting), Controller of Administration, Co-ordinators of Television and Radio, Executive Assistant, Secretary and Counsel.

- (ii) National Functional Divisions (located at Ottawa except Commercial Officer who is located at Toronto)

There are eight such divisions. Each of these divisions is headed by a National Supervisor (known as a "Functional Director") who assists and advises Management. The divisions are: Programme, Commercial, Station Relations and Broadcast Regulations, Audience Research, Engineering, Press and Information, Personnel and Administrative Services and Treasurer.

- (iii) Regional Management

Representing Management in each region is a Director to whom the Directors of Television and Radio and local Managers of all CBC stations in the region report.

The regional organizational structure is expanded in certain ways in Ontario and Quebec, where Toronto in the one Province and Montreal in the other are the leading network centres for programme planning and production for radio and television. There are six regions: British Columbia, Prairies, Ontario, Quebec, Maritimes and Newfoundland.

The structure of the organization operates on a decentralized basis geographically, but centralized at Ottawa for the exercise of supervision and control. Management control is exercised by regular staff meetings at all levels of operations, i.e., national, regional and local. Meetings are also held periodically between the Corporation and affiliated stations of the television and radio networks.

CBC operates many radio and television transmitters and studios which may broadcast either local programmes or network programmes from other centres by means of recordings or over network transmission facilities. All plants work to the same technical standards.

From the start the Corporation had to build up its own staff of engineers, architects and technicians to operate and maintain the necessary apparatus to distribute and broadcast programmes. With the advent of television, it became apparent that technicians could not be trained by schools and institutions in sufficient numbers to meet CBC needs and it would be necessary to set up a training programme. Full-time instructors are now located at major television centres.

Day-to-day operations are handled at regional and local levels. Regional Engineers in each of the six regions maintain supervision over technical operations and represent Engineering Headquarters in the field. Local station supervision is maintained through chief operators and supervisors of maintenance and operating personnel.

While the business of CBC is conducted under the guidance of its General Manager, subject to the direction of its Board of Governors, the Government exercises certain financial control over the affairs of the Corporation.

To determine the amount to be provided in the annual Parliamentary Estimates, the Corporation furnished to the Treasury Board each year since 1951 an estimate of its operating and capital expenditures for the following financial year, showing separately the radio and television services and particulars

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of major capital projects. These estimates are discussed with and examined by the Treasury Board. The capital budget is subject to the approval of the Governor in Council before being laid before Parliament.

The Governor in Council may authorize certain advances to the Corporation from the Consolidated Revenue Fund (for working capital but the aggregate outstanding at any time shall not exceed \$100,000 and \$500,000 for approved capital expenditures). Other loans to the Corporation require a vote of Parliament.

The Corporation must obtain approval by the Governor in Council before entering into any agreement involving an expenditure in excess of \$25,000.

The accounts of the Corporation are audited by the Auditor General.

Each year the estimated financial requirements of the Corporation for the next following year are estimated and after approval by the General Manager are submitted in March or April to the Board of Governors for final approval. Major items for plant and equipment and for major alterations of premises are submitted by Management to the Board of Governors for approval in principle; if approved, further study and cost estimates are prepared showing estimated expenditures to be made in the ensuing year as well as the estimated amount to be spent in subsequent years. These estimates form a report which is referred to the Board of Governors by the General Manager and then to the Treasury Board and to the Minister.

Detailed statements of income and expenditure are prepared monthly and submitted to Management and other officials. They are supposed to be accompanied by comments and observations intended to facilitate the understanding of financial aspects of operations by these officers. The statements are prepared on a commitment basis and are compared with budget allotments.

3. BROADCASTING FACILITIES, STATIONS AND OPERATIONS

The operations of the CBC are carried on across Canada. The Corporation operates three radio networks (Trans-Canada, Dominion and French) and two television networks (English and French); it owns and operates twenty-two radio and nine television stations. The staff of some five thousand is housed in over eighty different locations — some owned, some leased. In Toronto the staff is housed in some sixteen separate buildings and in Montreal in some fifteen buildings. The annual rentals on leases in force at the end of 1956 amounted to \$1,154,000 including about \$300,000 for the Radio Canada Building in Montreal leased from the Government.

The three radio networks consist not only of stations owned and operated by CBC but a number of privately-owned stations affiliated with CBC. In addition, there are a number of privately-owned radio stations which are not regularly affiliated with any of the three CBC networks. All privately-owned television stations form part of the CBC television network.

Radio stations in the three networks are inter-connected by line facilities of the Canadian National and Canadian Pacific Railway Companies. Television network transmission facilities are obtained in part from The Bell Telephone Company of Canada and in part from the Canadian National and Canadian Pacific Railway Communication Systems. The cost to CBC of using these facilities for the year 1956 was \$2,543,000 (television \$892,000; radio, \$1,651,000).

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(i) Television

Television service commenced in September 1952 with the opening of CBC stations, CBFT Montreal and CBLT Toronto. The following table shows the location by provinces of (1) the CBC-owned and operated stations and (2) the privately-owned stations in operation at February 28, 1956:

Province	Number of Stations		
	CBC-Owned	Privately Owned	Total
British Columbia	1	—	1
Alberta	—	3	3
Saskatchewan	—	2	2
Manitoba	1	1	2
Ontario	3	12	15
Quebec	2	3	5
New Brunswick	—	2	2
Nova Scotia	1	1	2
Prince Edward Island	—	—	—
Newfoundland	—	1	1
	8	25	33

About 80 per cent of the whole population live in areas served by the National Service and it is estimated that over 60 per cent of all Canadian families have television sets.

Television is a costly service. It is much more costly than radio. It involves large capital investments and substantial sums for long-term commitments for inter-city connection facilities, talent arrangements, staff, studios and so on.

The CBC states that to effectively operate a network and provide national distribution, it must be reasonably certain that specific periods are available on all privately-owned stations for (1) sponsored programmes and (2) a reasonable number of public services and other unsponsored programmes as well. The CBC has the option of evening hours between 8:00 p.m. — 11:15 p.m. — Monday through Friday — of the privately-owned stations.

(ii) Radio

The three radio networks are comprised of twenty-two CBC-owned and operated stations (and fifty-four unattended low power relay stations), ninety-seven privately-owned commercial stations affiliated with CBC, fifty-nine privately-owned commercial stations and five privately-owned non-commercial stations not regularly affiliated

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with any of the CBC networks. On short notice the non-affiliated stations can be joined to one of the three main CBC networks. In addition, there were six privately-owned commercial stations under construction and not in operation at February 28, 1956. The following table shows the location by province of the stations:

Province	Number of Stations				Total
	CBC- Owned	Affiliated (Com- mercial)	Privately-owned		
			(Com- mercial)	(Non-Com- mercial)	
British Columbia	2	11	7	—	18
Alberta	2	9	4	1	14
Saskatchewan	1	8	2	—	10
Manitoba	1	4	3	—	7
Ontario	4	33	17	2	52
Quebec	4	18	18	—	36
New Brunswick	2	7	1	—	8
Nova Scotia	2	6	4	—	10
Prince Edward Island	—	1	1	—	2
Newfoundland	4	—	2	2	4
	22	97	59	5	161

The CBC radio networks include three categories of stations (i) Basic Station, (ii) Supplementary "A" Station and (iii) Supplementary "B" Station.

- (i) A Basic Station is one that has available and may use the full network service of sponsored and sustaining (unsponsored) programmes. It is required to reserve certain periods for sustaining network programmes. CBC maintains the network lines and station connections.
- (ii) A Supplementary "A" Station is one that has available unrestricted network sustaining (unsponsored) programmes and may be added for commercial network programmes upon request of sponsors. Network lines and station connections are arranged by negotiation. It is required to reserve time for sustaining programmes and to reserve certain periods for CBC public service network programmes.
- (iii) A Supplementary "B" Station is one that has no sustaining programme service available but it may be added for commercial network programmes upon request of sponsors. Network lines are made available as required and the costs are payable by sponsors.

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The following table shows the number of stations in each of the three networks:

Number of Stations					
	CBC Stations	Basic	Privately-owned Stations		Total
			Supplementary "A"	"B"	
Trans-Canada ..	17	13	12	3	28
Dominion	1	30	9	10	49
French	4	1	19	—	20
	22	44	40	13	97

The Trans-Canada network distributes programmes in English to stations across Canada from St. John's, Newfoundland to Prince Rupert, British Columbia. The network provides sixteen hours of service each week-day and fifteen hours on Sunday.

The Dominion network offers alternative programming to the Trans-Canada network in most English-speaking parts of Canada. This network parallels the Trans-Canada for the most part but serves also a number of points not reached by the Trans-Canada. Apart from one daytime programme, the Dominion network operates for four evening hours in all provinces except Newfoundland.

The French network extends from Moncton, New Brunswick to Edmonton, Alberta and provides sixteen hours of service each week-day and fifteen hours on Sunday.

4. COMMERCIAL BROADCASTING

The Commercial Division of the CBC has the responsibility of selling programmes for the television and radio networks and local programmes and spot announcements for the CBC-owned and operated television stations. The functions of this division are as follows:

- (i) To supplement the Corporation's revenues by interesting advertisers in sponsoring television and radio programmes and by servicing such programmes.
- (ii) To develop commercial television and radio policies designed to maintain acceptable standards for all sponsored broadcasts.
- (iii) To supervise the acceptance of all commercial material broadcast over CBC networks and stations.
- (iv) To conduct all negotiations with advertisers (advertising agencies), complete all necessary agreements and bill for sponsored broadcasts scheduled on CBC television and radio networks, also to arrange for payment to private affiliated stations of the networks.
- (v) To determine television and radio network rates.

The principal office of the division is in Toronto where the manager is located. Branches are located in Halifax, Montreal, Ottawa, Winnipeg and Vancouver.

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The division is comprised of three principal departments, (a) sales and sales service, (b) acceptance and production and (c) accounts.

All live television programmes of Canadian origin appearing on the CBC stations or networks are produced by the Corporation. CBC does not permit others to use its studio facilities. It is the usual practice for an agency representative of the sponsor to be on hand during rehearsals and the representative is entitled to make suggestions. The adoption of such suggestions is subject to the approval of the CBC producer. This applies to both the entertainment portion and the commercial message part of the programme; many of the commercial messages consist of films supplied by the advertiser or his agent.

Imported television programmes have been almost entirely from U.S. networks. All CBC programmes are available for sponsorship with the exception of certain public service programmes, such as news and programmes which might be of a controversial nature such as those involving religious matters.

Sponsorship of a programme may arise in a number of different ways. The CBC may develop a programme and sell it; the programme might be developed with the requirements of some particular advertiser in mind. In other cases, a sponsor or his agent will approach the CBC with an idea as to a programme and ask the CBC to assist in developing one along such lines. The CBC has to consider the maintenance of a satisfactory balance between the various types of programmes in arranging its schedule and accordingly, in some instances, it is unable to provide sponsors with the types of programmes they would like to have. On occasion the CBC has produced a programme with no intention of seeking a sponsor only to have an advertiser come forward with a request to sponsor it.

In making charges to a sponsor, the entertainment portion and the sales message portion of a programme are considered to be quite separate.

As a general rule, the entertainment portion of a television programme is sold for a package price. Whenever possible, the Commercial Division sells a programme for the estimated cost, less a discount in the case of the more costly programmes. It is not always possible to obtain this target price. Sometimes a programme can be changed with a resulting reduction in cost to an amount acceptable to a sponsor. Where the Corporation considers that a programme should be aired but that the cost, even when discounted, would be prohibitive to any sponsor, special prices are quoted with the approval of Management. In some instances where an advertiser has sponsored a programme for one or more seasons, the Corporation has not found it possible to pass on increases in costs in subsequent years. The Corporation gets the best price it feels it can. In the case of radio programmes, the sponsor pays the full amount of the direct programme costs as a general rule.

The billing rates for design and staging services were set in November 1952 and have not been amended since. These billing rates are materially less than established Standard Cost Rates which, in the case of Toronto, are below actual cost. This would indicate that the Corporation is absorbing part of the cost of the commercial portion of programmes. In this connection, the Corporation points out that when the billing rates were set, consideration was given to the fact that the departments concerned were set up to perform the design and staging services for more complex types of programmes than commercial messages and that it would have been improper to charge the sponsor the full departmental

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standard cost rate for work performed on such messages. The departmental cost rates are in process of being reviewed and the billing rates are also to be considered.

Charges for station time are based on CBC rate cards, of which there is one for each of the television networks, one for each of the radio networks and a separate one for each CBC station. For the CBC stations, the rates for each station on the network cards are the same as those appearing on the individual station cards.

On the network cards, the stations are grouped by regions. In the case of the English television network, the regions are Atlantic, Mid-Eastern, Prairie and Pacific. Each region includes private as well as CBC stations. The network rate cards also show the rates of frequency and regional discounts.

Factors taken into consideration in the original establishment and subsequent revision of the CBC television station time rates include the cost of other advertising media, the number of television homes within the range of the station and the comparable rates charged by U.S. network stations. The most recent revision was made on July 1, 1956.

The network rates for private stations were originally established in the manner outlined above for CBC stations. From time to time, however, these station rates have been adjusted as a result of negotiations between the CBC and the private station representatives operating through a commercial sub-committee. Among other factors, this sub-committee considers the rates in effect with relation to the number of television homes within the range of the private stations.

All existing Canadian television stations form part of one or other of the CBC networks. As new stations are licensed and added to the networks, the charges to a sponsor for a network programme are increased. The CBC advises that some sponsors are concerned about the extra costs of including new stations in outlying areas in the network for their programmes. A sponsor must take all stations in a region to get the benefit of the regional discount.

Some indication of the proportion of gross network time billings for private station coverage which the CBC retains as compensation for the costs which it incurs is given in the following table prepared from a number of examples which we computed:

	Television	Radio
Canadian originations	19.26%	15.30%
U. S. network programmes	2.13%	6.63%

These percentages have been determined after deducting (a) frequency and regional discounts, (b) advertising agency commissions, (c) allowances to U. S. networks and (d) payments to private stations.

Information obtained from the Commercial Billing Department in Toronto indicates that the CBC is up to date in its network billings to sponsors. For some time during the last year or two billings were delayed for an abnormal time. It was explained that this situation had occurred as a result of the very rapid growth in television broadcasting but that it had been corrected.

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5. ACCOUNTS

The Corporation maintains general accounting records at the Head Office in Ottawa and budget appropriation and achievement records at units in the regions. In addition, television programme costs are compiled at the various stations; these cost records do not form an integral part of the operating accounts.

During the year expenses are recorded in the general books of account as payments are made and accounts payable are set up at the year end so that for the year the accounts are on an accrual basis. Expenses are recorded in the regions on a commitment basis.

All assets and liabilities as well as income and expenditure are reflected in the general books of account. A segregation is made of (i) radio and integrated services, (ii) television service and (iii) International Service. The integrated services are those relating to more than one service; from time to time transfers are made from radio and integrated services to the other services of the estimated share of integrated services applying to the television service and the International Service.

Information as to the operating results of individual radio or television stations or networks, the cost of operating a particular department or of producing a programme, is not available in the general books of account but some information can be obtained from the monthly statements and the programme cost reports.

The Corporation publishes an Annual Report; the financial section contains the following:

- (a) A Balance Sheet and Statement of Income and Expense combining television and radio.
- (b) The Auditor General's Report.
- (c) A Balance Sheet and Statement of Income and Expense showing separately the figures for television and radio.
- (d) A Statement of Expenditures for the International Service.
- (e) General comments on the financial statements.

Estimates are prepared in March each year of operating and capital expenditures for the following fiscal year, showing separately the television and radio services respectively. In the case of television, the main guiding factor as to the overall spending rate for operations in the following year seems to have been a scale of expenditure of \$15.00 per television home per year, plus estimated commercial broadcasting income, and in the case of radio a yardstick or guiding factor of overall cost for operations of \$4.00 per radio home or \$1.00 per capita of population per year.

The CBC has encountered serious problems relating to accounting matters and the financial administration of the Corporation by the Treasurer's Division. These problems, we believe, have arisen largely as the result of the rapid growth of the television service since 1951 with all of the attendant details and accounting problems related thereto. Other contributing factors have been absence through illness of executive personnel, difficulty of attracting and retaining experienced personnel, abnormal amount of overtime work and what appears to be lack of proper advanced planning by the Treasurer's Division to cope with the material increase in the volume of work.

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Management has been aware of the situation and appreciated that the financial side of the organization needed strengthening and that improvements should be made in the accounting system and financial control. About two years ago Management enlisted outside advice in studying specific accounting problems. This work was interrupted, to some extent, during the last year as a result of demands on the Corporation for information and preparation of financial data for the Royal Commission. Recently the outside accounting advisors recommenced and are presently continuing with their study. In addition, Management recently decided that a change should be made in the active top level direction of the Treasurer's Division. A change has been made which for the time being is considered by Management as temporary pending future developments and the completion of the outside independent study. The Assistant Controller of Administration, who has had experience with outside business organizations in accounting methods and procedures, costs and the direction of personnel, has been assigned to the position.

Reference is made to Part IV Section 2 of this report wherein we set forth specific comments with respect to certain accounting matters and our recommendations in regard thereto. As directed by the Commission, we have discussed these comments and recommendations with the Management of the CBC and have furnished them with a copy of our report thereon.

6. STAFF

The broad division between people employed by the CBC is that of "staff" and "artists". "Staff" embraces those who are members of the regular establishment (including temporary, casual and part-time employees that might be hired). "Artists" are, broadly speaking, the performers and writers, practically none of whom are on the regular payroll.

Many members of the staff devote time to more than one of the three services, Television, Radio or International; much of the expenditure of the CBC relates to more than one of the three services. Such time and expenditure are known as Integrated Services. For accounting and control purposes, the CBC's system is to include Integrated Services with the Radio Service and to allocate the Integrated Services costs on a basis designed to distribute the costs in accordance with the services rendered. Information as to the number of employees who are engaged on radio operations only is not readily available; the figure would be relatively small especially at locations where there are television as well as radio operations.

The staff employed by the CBC at the end of 1956 totalled 5,022. This total is classified by services as follows:

		Per cent
Radio and Integrated	2,607	52
Television	2,251	45
International	164	3
	5,022	100

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The March 1956 staff payroll totalled \$1,660,000, equivalent to approximately \$20,000,000 on an annual basis. An analysis of this payroll shows the following:

Normal payroll	\$1,516,000
Overtime (approximately)	120,000
Casual employees (approximately)	24,000
	<hr/>
	\$1,660,000
	<hr/>

The total number of staff (exclusive of artists) classified for each of the services for the years indicated is shown by the following table:

Year	Radio and Integrated	Television	International	Total
1946	889	—	88	977
1951	1,218	19	217	1,454
1952	1,296	105	164	1,565
1953	1,431	336	180	1,947
1954	1,783	991	197	2,971
1955	2,049	1,743	181	3,973
1956	2,607	2,251	164	5,022

Of the total staff of 5,022 at the end of 1956, nearly 37 per cent was engaged on work directly connected with programmes (including design and staging) with Administrative Services not far behind at about 35 per cent; engineering, including technicians, is about 25 per cent. The largest single group was secretarial and clerical — 1,744 — over one-third of the total staff.

Of the total of 5,022 staff employed by the CBC at the end of 1956, the largest number was employed in Montreal — 1,802 — with Toronto not far behind at 1,620; at Head Office in Ottawa the total was 394.

The above table indicates that the staff, including the International Service, has increased by approximately 1,000 persons each year since 1953. To relate this increase in staff to the growth in the service, we obtained the following information on the major changes in the television operations during the year 1956:

- (i) Station CBOFT, the French station in Ottawa, came into operation on June 24, 1955. At the same time, a total of seven affiliated stations inaugurated service, four of which were non-connected requiring service from the television film department.
- (ii) New production facilities brought into operation at —
 - Halifax* — A mobile unit was delivered in July of 1955, enabling regular use of a small, temporary studio.
 - Montreal* — A new studio came into operation in November and processing equipment for film operations was completed in January of 1956.

Ottawa — With the opening of CBOFT, the French language station, in June of 1955, the permanent two-camera studio started operations on a regular basis.

Toronto — Two studios came into operation, the Barracks Studio during November 1955 and the temporary studio in the basement of the main building in April of the same year.

Winnipeg — In June of 1955, Winnipeg assumed operation of a permanent television studio.

- (iii) The station on-air hours increased substantially, particularly at Montreal and Toronto, and a considerable portion of the increase was in live production, particularly at Montreal and Toronto.

In addition to its salaried staff, the CBC employs a number of artists — writers, speakers, actors, musicians, variety artists, etc. Some are employed under contract made individually or with particular groups of performers and others are employed for specific performances. The general terms upon which contracts are made form the subject of periodic negotiation with unions representing the artists.

During the year 1956 the amount paid for artists' fees, including broadcasting and performing rights, manuscripts, announcers, musical arrangements and copying, totalled \$9,100,000 (television \$5,265,000; radio \$3,835,000). The principal item is payments to artists.

The CBC recognizes five unions — as certified by the Canada Labour Relations Board — as bargaining agents for employees concerned. These unions represent some 3,500 employees.

A contributory pension plan became effective on April 1, 1943. Since the inception of the plan, all employees on the regular establishment (except males over fifty-five and females over fifty years of age) are enrolled after three months' probationary period. The principal underwriter is the Government Annuities Branch. Purchases of annuities are also made from a group of five Canadian insurance companies. A separate plan is in operation for full-time members of the Board of Governors. There is also a group life insurance plan and a hospital-medical service plan in operation.

2. FINANCIAL

7. FINANCES

The broadcasting services have been financed from the following main sources (a) commercial broadcasting income, (b) radio receiving set licence fees, (c) grants of amounts equal to the excise tax collected on sales of receiving sets and associated parts, (d) statutory grants of fixed amounts and (e) Government loans.

The receiving set licence fee dates from prior to the inception of the CBC in 1936 (\$1.00 in 1922, increased to \$2.00 in 1932 and to \$2.50 in 1937); it was dropped in 1952 effective April 1, 1953. In place thereof the Corporation, under an amendment to the Canadian Broadcasting Act, receives as a statutory grant out of the Consolidated Revenue Fund an amount equal to the excise tax collected on sales of television and radio receiving sets and associated parts.

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Under the Canadian Broadcasting Act, a statutory grant for radio broadcasting was fixed at \$4,750,000 for the year 1952 (in addition to an interim grant of \$1,500,000) and at \$6,250,000 in each of the four next years. This was extended for one year by a grant of \$6,250,000 voted in the Main Government Estimates for the year 1957. In the Supplementary Estimates for the year 1957, the Government provided an additional amount of \$12,000,000 as a "grant towards the anticipated deficit in 1956-1957 from the operation of the Television Service". Grants of \$6,250,000 for the radio service and of \$12,000,000 for the television service have been included in the Government Estimates for 1958 to provide interim financing pending the receipt and consideration of the Report of the Royal Commission on Broadcasting.

The following table shows in summarized form total income and expense figures for the twenty years 1937-1956:

	Television (Exhibit 1)	Radio (Exhibit 2)	Combined (Exhibit 3)
(thousand of dollars)			
Ordinary expenses	\$ 50,400	\$133,036	\$183,436
Interest on Government loans	1,747	889	2,636
Depreciation and obsolescence	2,837	5,541	8,378
	54,984	139,466	194,450
Commercial broadcasting revenue (less direct costs of sponsored programmes)	13,413	31,801	45,214
Miscellaneous income	605	2,362	2,967
	14,018	34,163	48,181
Excess of expenses over commercial broadcasting revenue and miscellaneous income	40,966	105,303	146,269
Government grants:			
Fixed amounts		31,250	31,250
Excise tax on sales of television and radio receivers and associated parts	46,401	14,629	61,030
Radio receiving set licence fees		65,120	65,120
Broadcasting licence fees — private stations	78	2,078	2,156
	46,479	113,077	159,556
Surplus	\$ 5,513	\$ 7,774	\$ 13,287

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The above table indicates that for the twenty years ordinary expenses, depreciation and interest exceeded income from commercial and miscellaneous sources by..... \$146,269,000 and that

CBC received from Government grants, radio receiving set licence fees and broadcasting licence fees of private stations \$159,556,000

The CBC has also been financed by borrowing from the Government. Outstanding loans at the end of 1956 amounted to \$27,424,000 (\$24,250,000 for television and \$3,174,000 for radio).

The Corporation's source of funds for working capital and capital expenditures has been its surplus from operations (resulting from Government grants and licence fees) and Government loans. This is shown by the following table:

	Television	Radio	Total
(thousands of dollars)			
Funds provided:			
From operations	\$ 5,513	\$ 7,774	\$ 13,287
Depreciation —			
a non-cash expense	2,837	5,541	8,378
	8,350	13,315	21,665
Government of Canada loans (less repayments totalling \$1,976)	24,250	3,174	27,424
Assets taken over from Cana- dian Radio Broadcasting Commission in 1936 and from the Government of Canada due to union with Newfoundland in 1949	856	856
	32,600	17,345	49,945
Funds applied:			
Inventories of engineering and other supplies	414	1,110	1,524
Leasehold improvements—net	386	247	633
Cost of capital assets less disposals	16,478	10,316	26,794
	17,278	11,673	28,951
Working Capital as shown by Balance Sheet as at March 31, 1956—Exhibit 4	\$ 15,322	\$ 5,672	\$ 20,994

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8. BALANCE SHEETS

Comparative balance sheets for 1955-1956 are shown on Exhibit 4. These balance sheets were prepared from annual statements and in summarized form reflect the following:

	1955	1956
	(thousands of dollars)	
Working Capital	\$17,901	\$20,994
Capital Assets	20,646	25,775
Less: Accumulated depreciation	5,670	7,298
	14,976	18,477
Other Assets		
Engineering and other supplies	1,224	1,524
Leasehold improvement	528	633
Total Working Capital and Other Assets	34,629	41,628
Other Liabilities — Government of Canada Loans	19,000	27,424
Net Worth	\$15,629	\$14,204
Representing		
Capital Surplus	\$ 856	\$ 856
Other Surplus	14,773	13,348
	\$15,629	\$14,204

We comment on various items of assets and liabilities as follows:

(i) Working Capital

Working capital at the end of 1956 amounted to \$20,994,000, being \$15,322,000 for the Television Service and \$5,672,000 for the Radio Service. It is anticipated that the working capital will be reduced as a result of the operations and capital expenditures for the year 1957 but, as a result of the grants to be provided by the Government, it appears that each of the services will have an adequate balance of working capital at the end of 1957. (See Part II of this report for details of the estimated reduction in the working capital during the year ending March 31, 1957.)

(ii) Capital Assets and Depreciation

Details of the Capital Assets at the end of 1956 are as follows:

	Television	Radio	Combined
	(thousands of dollars)		
Land	\$ 615	\$ 394	\$ 1,009
Buildings	6,868	3,393	10,261
Furnishings and equipment	645	1,265	1,910
Technical equipment	7,987	4,373	12,360
Cars and trucks	172	52	224
Library	2	9	11
	\$16,289	\$ 9,486	\$25,775

Appendix XII

Details of the Accumulated Provision for Depreciation and Obsolescence are as follows:

	Television	Radio	Combined
(thousands of dollars)			
Buildings	\$1,139	\$1,445	\$2,584
Furnishings and equipment	172	702	874
Technical equipment	1,604	2,114	3,718
Cars and trucks	81	36	117
Library		5	5
	\$2,996	\$4,302	\$7,298

During the year 1955, the assets of the Corporation were aged and rates of depreciation, based on a study made by the Engineering Department in 1953, were applied to determine the adequacy of the provision for depreciation and obsolescence to the end of 1954. Based on this study, the accumulated provision was in excess of requirements by \$241,000 which was credited to surplus account. The rates based on the 1953 study were used in determining the depreciation and obsolescence for 1955 and 1956. The following are the rates:

Buildings	5%
Transmission lines, transmitter equipment, electrical equipment and antennae	5%
Technical equipment, furniture and furnishings, electrical and mechanical equipment forming part of buildings, library	10%
Props, wardrobes, musical instruments and automotive equipment	20%

In the spring of 1956, the Engineering Department made another study of the estimated useful life of the Corporation's assets. As a result, consideration is being given to a change in the depreciation rates to be made effective for the year 1957.

(iii) *Government of Canada Loans*

Government loans outstanding at the end of 1956 were as follows:

	Television	Radio	Combined
(thousands of dollars)			
2½%		\$ 1,924	\$ 1,924
3 %	\$ 4,500		4,500
3½%		1,250	1,250
3¼%	3,000		3,000
3¾%	8,500		8,500
3¾%	4,750		4,750
4 %	3,500		3,500
	\$24,250	\$ 3,174	\$27,424

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In the case of radio, loans were made for specific capital projects but the Orders in Council indicate that loans for the Television Service were to cover capital and operational expenditures.

For the Television Service, outstanding loans amount to \$24,250,000 compared with gross capital assets of \$16,289,000. The television loans include \$8,500,000 borrowed on March 29, 1956. For the Radio Service, outstanding Government loans amount to \$3,174,000 compared with gross capital assets of \$9,486,000.

To date repayments of loans have not been a major drain on the resources of the Corporation. Substantial payments of principal and interest will be required in the next seven years as follows:

	Interest	Principal	Total
	(thousands of dollars)		
1957	\$858	\$ 138	\$ 996
1958	923	252	1,175
1959	914	394	1,308
1960	899	611	1,510
1961	875	833	1,708
1962	845	1,162	2,007
1963	801	1,425	2,226

Government loans are arranged from time to time as the need arises. Large scale expansions, after approval in principle by the Board of Governors of the CBC, are discussed by the General Manager with the Treasury Board. If available funds of the CBC are insufficient, formal application for a loan is made to the Governor in Council.

(iv) *Net Worth*

The net worth of the CBC at the end of 1956 amounted to \$14,204,000 made up of \$856,000 of Capital Surplus and \$13,348,000 of Other Surplus.

Capital Surplus — \$856,000

This represents surplus arising from transfer of Government-owned assets (net) to the Corporation at its inception in 1936 and at union of Newfoundland with Canada in 1949.

Other Surplus — \$13,348,000

Of this amount, \$13,287,000 (television \$5,513,000; radio \$7,774,000) arose from the excess of the Corporation's income, including Government grants, over its expenses. The figures for each of the years are shown on Exhibits 1, 2 and 3.

The balance of \$61,000 represents adjustments (net) made direct to surplus account, principally for depreciation and for re-valuation of investments.

9. OPERATING RESULTS YEARS 1954, 1955 AND 1956

We made a study and review of the Corporation's income and expenditure statements, budget reports on the financial operations and statements comparing actual achievement with budget allotments for each of the three years.

Appendix XII

We have prepared and submit the following statements of operating results:

	Exhibit
Statement of Income and Expense —	
Television	5
Radio	6
Television and Radio Combined	7
Analysis of Commercial Broadcasting Income —	
Television, Radio and Combined	8
Analysis of Ordinary Expense —	
Television and Radio Combined	9
We comment as follows regarding these exhibits.	

(i) *Statement of Income and Expense (Exhibits 5, 6 and 7):*

The results in summarized form are as follows:

	1954	1955	1956
	(thousands of dollars)		
Television:			
Total expenses (including interest and depreciation) ..	\$ 8,361	\$18,762	\$30,257
Less: Commercial revenue	1,909	6,123	11,226
	6,452	12,639	19,031
Government grants and other income	11,736	17,119	17,959
Surplus (Deficit)	\$ 5,284	\$ 4,480	\$ (1,072)
Radio:			
Total expenses (including interest and depreciation)....	\$13,453	\$14,030	\$14,253
Less: Commercial revenue	2,848	2,464	2,117
	10,605	11,566	12,136
Government grants and other income	11,889	11,354	11,849
Surplus (Deficit)	\$ 1,284	\$ (212)	\$ (287)
Combined:			
Total expenses (including interest and depreciation) ..	\$21,814	\$32,792	\$44,510
Less: Commercial revenue	4,757	8,587	13,343
	17,057	24,205	31,167
Government grants and other income	23,625	28,473	29,808
Surplus (Deficit)	\$ 6,568	\$ 4,268	\$ (1,359)

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In the annual financial statements issued by the Corporation, direct costs of sponsored programmes are deducted from commercial income. This accounts for the differences between the amounts shown in the above table for Commercial Broadcasting Income and Ordinary Expense, and the amounts of these items appearing on Exhibits 1, 2 and 3, which were taken from the Corporation's annual financial statements. The Surplus or Deficit for the year is not affected by this difference in treatment.

Network operations are not segregated from individual station operations in the records of the Corporation. While not shown separately in the general books of account, information is available from the monthly budget performance statements as to the operations of the various operating centres although where two stations use the same studios, their costs are not segregated; the cost of network programmes is borne by the operating centre where the programme originated.

Television costs and commercial revenues are increasing each year as a result of the expansion of the service. Costs have increased to a greater extent than income, including grants, with the result that the operations for 1956 show a deficit of \$1,072,000 compared to a surplus of \$4,480,000 in 1955.

Radio costs have increased somewhat but the commercial revenues are declining because of decreasing demands by advertisers for this medium; the CBC has had to provide sustaining programmes to replace those previously supplied by sponsors. The radio operations for 1956 show a loss of \$287,000 compared to \$212,000 in 1955 despite an increase in 1956 of over \$500,000 in income from the excise tax.

(ii) Analysis of Commercial Broadcasting Income (Exhibit 8):

Television or radio advertising may consist of the sponsorship of a programme or the insertion of a spot announcement at station breaks. Sponsorship may be of a network programme, shown on a group of stations, or of a local programme, shown on one station only. The CBC does not accept spot announcements on a network basis as its policy is to obtain sponsorship of an entire network programme. In the case of radio, generally speaking, the CBC does not carry local commercial advertising business except for one or two stations operated in areas where there are no private stations.

Sponsorship of a programme will involve the advertiser in providing the programme or contributing towards its cost, as well as in paying a charge based on the length of time the programme is on the air. In the case of network programmes, there are also charges for interconnections and for the provision of kinerecordings for non-connected stations. In the case of radio, many of the commercial programmes are provided by the sponsors.

The Corporation has contracts with the three U. S. television networks by which these networks agree to supply the CBC with such commercial and sustaining programmes as may be mutually agreed upon from time to time. In order to show in Canada a sponsored U. S. network programme, CBC endeavours to get the U. S. sponsor

or his Canadian affiliate to agree to sponsor the programme over the Canadian network. Except for any distribution costs (a moderate charge for kinerecordings), the CBC does not pay for the unsponsored programmes (unsponsored programmes are referred to as sustaining programmes). In the case of sponsored television programmes, CBC bills the U. S. networks on the basis of 50 per cent of its net station time rates (station time less frequency and regional discounts and advertising agency commission) and the U. S. network looks after the billing to the advertiser. Interconnection and any other charges are billed to the Canadian advertising agency. In the case of radio, the allowance to the U. S. network is 15 per cent of the net billing for station time and wire line charges.

The CBC makes no charge to private stations either in the case of sponsored or unsponsored programmes made available to them. In the case of sponsored network programmes, the CBC pays a portion of the network station time revenues to the private stations which have participated in the programmes but these stations do not participate in any of the other charges to sponsors.

Following are the types of charges made to sponsors of programmes:

- (a) Station Time — covering the time the programme is on the air
- (b) Interconnection Charges — microwave for television and wire lines for radio
- (c) Production Charges — for the entertainment portion of the programme and the commercial message
- (d) Distribution Charges — kinerecordings

Rates for station time and interconnection are based on CBC rate cards; except for radio wire line connections, these rates are subject to frequency and regional discounts. Frequency discounts are granted on the basis of the number of occasions a programme is under contract and regional discounts are granted if all stations comprising a regional group are ordered.

Separate charges are made to sponsors for the entertainment portion and for the sales message portion of a programme. As a general rule, the entertainment portion of a television programme is sold for a package price. The basis of charges to sponsors for live commercials is set out on the rate cards.

The scale of charges for kinerecordings to provide programmes to non-connected stations is shown on the CBC television rate cards.

A commission of 15 per cent is allowed to advertising agencies on net billings for station time, interconnection, charges for television recordings and certain other charges for live commercials. No commission is allowed on the package programme agreement charges for television or talent or programme charges in the case of radio.

The CBC has a scale of charges for spot announcements at station breaks.

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(iii) *Analysis of Ordinary Expense (Exhibit 9):*

Exhibit 9 shows ordinary expenses for television and radio combined. The reason for this is that in the accounts of the Corporation the costs of the integrated or pooled services, i.e., those applicable to more than one service, are included in the first instance with the radio service, the portions applicable to the television service and International Service being deducted in total only.

Interconnection costs represent charges of the telegraph companies for line connections supplied for the radio service and charges of The Bell Telephone Company and the telegraph companies for microwave connections supplied for the television service.

10. TELEVISION PROGRAMME COSTS FOR THE WEEK JANUARY 15-21, 1956

As the Commission had an independent study made of programmes and programme production, including a programme classification and analysis for the week of January 15-21, 1956, our examination of this phase of the activities of CBC was limited to an analysis of television programme costs for the same week as the independent study.

In conjunction with the CBC Bureau of Audience Research, the programmes were classified by type. The classification used is the same as the one adopted in the independent study of programme content which the Commission had made.

We found that the Corporation's weekly reports of programme costs did not cover the same period in each case (some stations reported from Sunday to Saturday, others from Monday to Sunday) and that the cost breakdown varied from station to station. In addition, the programme costs of the Toronto Station, CBLT, had been understated, certain indirect cost rates having been based on usage during a period of maximum activity rather than an average number of hours of usage.

Accordingly, special reports were requested from each station in a prescribed form and these reports were used in the compilation of the accompanying programme cost analysis. In the case of Toronto, the indirect cost rates were adjusted in an appropriate manner.

In Montreal, the costs of the news programmes are treated as any other programme cost and thus included in the station figures. In Toronto, the cost of preparing the news programme is charged to the National Television News Service. For purposes of our cost analysis, an estimate of the National Television News Service costs for the week was added to the costs of the Toronto programmes.

The result of our study is shown on Exhibit 10, Summary of Television Programme Costs for the week January 15-21, 1956. In connection with this statement, the following comments are made:

- (a) The costs include all the costs of producing and transmitting the programmes but they do not include the costs of kinescope recordings or other network distribution charges. They include Regional and National Production Supervision and Administration and depreciation.

- (b) The figures shown for artists' fees include broadcasting and performing rights, manuscripts, announcers, musical arrangements and copying; the principal item is payments to artists.
- (c) In the case of sponsored television programmes obtained over the U. S. networks, the CBC bills the U. S. networks on the basis of 50 per cent of its net station time charges and the U. S. networks look after the billings to the advertisers. This allowance to the U. S. networks is treated in the accounts of the CBC as a reduction of commercial revenue (station time) and accordingly is not included in the costs.
- (d) Recoveries from sponsors cover only the program package price and the charges for producing the commercial message. They do not include charges for station time or network distribution.
- (e) The origin of the programmes is shown as being Canada or U. S. A. and other. Other originations represent the costs to CBC stations, other than the originating station, of programmes broadcast on a network basis; for live programmes these are mostly transmission costs.
- (f) For film programmes, information was obtained as to whether the films had been made in Canada or elsewhere and the costs were allocated accordingly.
- (g) The distribution of the programmes is shown as being Network or Local. Network programmes include the showing of kinerecordings at non-connected stations where the programme was broadcast as a network programme.
- (h) Costs have been shown in total by types of origination, i.e., live, films, U. S. networks and other.
- (i) Live originations represent the costs of CBC live programmes to originating stations. The costs to CBC stations, other than the originating station, of such programmes broadcast on a network basis are included as other; these costs consist chiefly of transmission costs. These comments apply to film originations as well.

Some significant figures shown on Exhibit 10, Summary of Programme Costs for the week January 15-21, 1956 are:

1. Total costs amounted to \$508,115 of which \$433,804 was for live productions originating in Canada.
2. Of the cost of \$508,115, the English programmes accounted for \$307,804 and French for \$200,311.
3. Of the total costs of \$508,115, drama programmes accounted for \$100,231, music for \$85,950 and variety for \$82,623.
4. Of the total cost of \$508,115, sponsored programmes amounted to \$211,942 and sustaining to \$296,173.
5. Of the cost of sponsored programmes of \$211,942, CBC recovered from sponsors \$116,155 (exclusive of charges for station time or network distribution) equivalent to about 55 per cent of cost.

3. EXHIBITS

PART I — Exhibit 1

SUMMARY OF INCOME AND EXPENSE 1937-1956 — TELEVISION
(thousands of dollars)

Year	INCOME					EXPENSE				
	Excise Tax levied on the sale of television receivers and associated parts	Broadcasting Licence Fees	Commercial Broadcasting (Note 1)	Miscellaneous	Total Income	Ordinary	Interest	Depreciation and Obsolescence	Total Expense	Surplus or (Deficit)
1950.....	—	—	—	—	—	\$ 55	\$ 1	\$ 1	\$ 57	\$ (57)
1951.....	—	—	—	\$113	\$ 113	106	135	17	258	(145)
1952.....	—	—	—	90	90	246	135	123	504	(414)
1953.....	—	—	\$ 518	67	585	2,719	195	234	3,148	(2,563)
1954.....	\$11,703	—	1,335	33	13,071	7,090	275	422	7,787	5,284
1955.....	16,960	\$ 9	4,157	150	21,276	15,463	453	880	16,796	4,480
1956.....	17,738	69	7,403	152	25,362	24,721	553	1,160	26,434	(1,072)
	\$46,401	\$78	\$13,413	\$605	\$60,497	\$50,400	\$1,747	\$2,837	\$54,984	\$5,513

Notes 1. After deducting (a) agency commissions, (b) allowances to U.S. networks, (c) payments to private stations of a share of the network time charges and (d) direct costs of sponsored programmes.

2. This statement was prepared from the annual statements and supporting head office records of the Corporation.

SUMMARY OF INCOME AND EXPENSE 1937-1956 — RADIO

(thousands of dollars)

Year	INCOME				EXPENSE					Surplus or (Deficit)	
	Grant under section 14 (3) of the Canadian Broadcasting Act (statutory grant)	Excise Tax levied on the sale of radio receivers and associated parts	Receiving licence fees	Broadcasting licence fees	Commercial Broadcasting (Note 1)	Miscellaneous	Total Income	Ordinary Interest	Depreciation and Obsolescence		Total Expense
1937	—	—	\$ 738	\$ 4	\$ 95	\$ —	\$ 837	\$ 708	—	\$ 708	\$ 129
1938	—	—	1,893	4	356	17	2,254	2,058	—	2,165	89
1939	—	—	2,648	4	642	17	3,311	2,734	\$ 17	2,954	357
1940	—	—	2,877	29	774	72	3,752	3,158	24	3,498	254
1941	—	—	3,112	28	940	13	4,093	3,512	32	3,909	184
1942	—	—	3,452	33	1,058	19	4,562	3,848	25	4,263	299
1943	—	—	3,668	34	1,243	25	4,970	4,317	12	4,740	230
1944	—	—	3,753	35	1,422	22	5,232	4,926	—	5,145	93
1945	—	—	3,745	38	1,639	76	5,498	5,343	—	5,571	(73)
1946	—	—	3,733	41	1,684	97	5,555	5,633	—	5,633	(78)
1947	—	—	3,862	44	1,781	116	5,803	5,828	2	5,830	(27)
1948	—	—	4,725	73	1,843	96	6,737	6,294	52	6,521	216
1949	—	—	5,010	125	2,177	201	7,553	7,340	59	7,594	(43)
1950	—	—	5,328	154	2,317	149	7,997	7,880	94	8,188	(187)
1951	—	—	5,413	159	2,465	153	8,188	8,963	96	9,315	(1,127)
1952	\$ 6,250	—	5,665	177	2,456	176	14,724	10,442	98	10,987	3,737
1953	6,250	—	5,498	227	2,514	285	14,774	11,295	94	11,834	2,940
1954	6,250	\$ 5,057	—	275	2,471	307	14,360	12,438	94	13,076	1,284
1955	6,250	4,510	—	284	2,106	310	13,460	13,094	94	13,672	(212)
1956	6,250	5,062	—	310	1,731	227	13,580	13,205	93	13,867	(287)
	\$31,250	\$14,629	\$65,120	\$2,078	\$31,801	\$2,362	\$147,240	\$133,036	\$889	\$139,466	\$7,774

Notes 1. After deducting (a) agency commissions, (b) allowances to U.S. networks, (c) payments to private stations of a share of the network time charges and (d) direct costs of sponsored programmes.

2. This statement was prepared from the annual statements and supporting head office records of the Corporation.

Royal Commission on Broadcasting

PART I — Exhibit 3

SUMMARY OF INCOME AND EXPENSE 1937-1956 — TELEVISION AND RADIO COMBINED (thousands of dollars)

Year	INCOME					EXPENSE					Surplus or (Deficit)	
	Grant under section 14 (3) of the Canadian Broadcasting Act (statutory grant)	Excise Tax levied on the sale of radio receivers and television associated parts	Radio receiving set licence fees	Broadcasting licence fees	Commercial Broadcasting (Note 1)	Miscellaneous	Total Income	Ordinary	Interest	Depreciation and Obsolescence		Total Expense
1937.....	—	—	\$ 738	\$ 4	\$ 95	\$ —	\$ 837	\$ 708	—	—	\$ 708	\$ 129
1938.....	—	—	1,893	4	356	17	2,254	2,058	—	107	2,165	89
1939.....	—	—	2,648	4	642	72	3,311	2,734	\$ 17	203	2,954	357
1940.....	—	—	2,877	29	774	72	3,752	3,158	24	316	3,498	254
1941.....	—	—	3,112	28	940	13	4,093	3,512	32	365	3,909	184
1942.....	—	—	3,452	33	1,058	19	4,562	3,848	25	390	4,263	299
1943.....	—	—	3,668	34	1,245	25	4,970	4,317	12	411	4,740	230
1944.....	—	—	3,753	35	1,422	22	5,232	4,926	—	217	5,143	89
1945.....	—	—	3,745	38	1,639	76	5,498	5,343	—	228	5,571	(73)
1946.....	—	—	3,753	41	1,684	97	5,555	5,633	—	—	5,633	(78)
1947.....	—	—	3,862	44	1,781	116	5,803	5,828	2	—	5,830	(27)
1948.....	—	—	4,725	73	1,843	96	6,737	6,294	55	172	6,521	216
1949.....	—	—	5,010	125	2,217	201	7,553	7,340	59	197	7,596	(43)
1950.....	—	—	5,328	154	2,366	149	7,997	7,935	95	211	8,241	(244)
1951.....	—	—	5,413	139	2,463	266	8,301	9,089	231	253	9,573	(1,272)
1952.....	\$ 6,250	—	5,665	177	2,456	266	14,814	10,688	233	570	11,491	3,323
1953.....	6,250	—	5,498	227	3,032	352	15,359	14,014	289	679	14,982	377
1954.....	6,250	\$16,760	—	275	3,806	340	27,431	19,528	369	966	20,863	6,568
1955.....	6,250	21,470	—	293	6,263	460	34,736	28,557	547	1,364	30,468	4,268
1956.....	6,250	22,800	—	379	9,134	379	38,942	37,926	646	1,729	40,301	(1,359)
	\$31,250	\$61,030	\$65,120	\$2,156	\$45,214	\$2,967	\$207,737	\$183,436	\$2,636	\$8,378	\$194,450	\$13,287

Notes 1. After deducting (a) agency commissions, (b) allowances to U.S. networks, (c) payments to private stations of a share of the network time charges and (d) direct costs of sponsored programmes.

2. This statement was prepared from the annual statements and supporting head office records of the Corporation.

BALANCE SHEET AS AT MARCH 31, 1955, AND 1956

PART I—Exhibit 4

(thousands of dollars)

Appendix XII

	March 31, 1955			March 31, 1956		
	Television	Radio	Total	Television	Radio	Total
CURRENT ASSETS						
Cash.....	\$ 1,267	\$ 4,487	\$ 5,754	\$ 8,676	\$ 2,975	\$11,651
Accounts receivable.....	3,376	886	4,262	3,552	849	4,401
Due from Government of Canada:						
Statutory grants.....	1,969	510	2,479	1,860	636	2,496
Expenditures incurred on behalf of International Service.....	—	426	426	—	526	526
Government of Canada Bonds (\$6,500,000 at March 31, 1956)	7,480	1,993	9,473	3,647	2,761	6,408
Accrued interest.....	45	15	60	30	21	51
CURRENT LIABILITIES						
Accounts payable and accruals.....	14,137	8,317	22,454	17,765	7,768	25,533
WORKING CAPITAL	2,738	1,815	4,553	2,443	2,096	4,539
	11,399	6,502	17,901	15,322	5,672	20,994
OTHER ASSETS						
Capital Assets at cost.....	11,981	8,665	20,646	16,289	9,486	25,775
Less: Accumulated provision for depreciation and obsolescence.....	1,839	3,831	5,670	2,996	4,302	7,298
	10,142	4,834	14,976	13,293	5,184	18,477
Engineering and other supplies.....	221	1,003	1,224	414	1,110	1,524
Leasehold improvements.....	253	275	528	386	247	633
TOTAL OF WORKING CAPITAL AND OTHER ASSETS	10,616	6,112	16,728	14,093	6,541	20,634
	22,015	12,614	34,629	29,415	12,213	41,628
OTHER LIABILITIES						
Government of Canada Loans.....	15,750	3,250	19,000	24,250	3,174	27,424
NET WORTH	\$ 6,265	\$ 9,364	\$15,629	\$ 5,165	\$ 9,039	\$14,204
REPRESENTING—						
Capital Surplus.....	\$ 6,265	\$ 856	\$ 856	\$ 5,165	\$ 856	\$ 856
Other Surplus.....	—	8,508	14,773	—	8,183	13,348
	\$ 6,265	\$ 9,364	\$15,629	\$ 5,165	\$ 9,039	\$14,204
MEMORANDUM						
International Shortwave Broadcasting Service facilities at cost (not included above).....	—	—	\$ 5,942	—	—	\$ 6,141

Note 1. This statement was prepared from the annual statements and supporting head office records of the Corporation.

Royal Commission on Broadcasting

PART I — Exhibit 5

STATEMENT OF INCOME AND EXPENSE — TELEVISION YEARS ENDED MARCH 31, 1954, 1955 AND 1956

	1954	1955	1956
	(thousands of dollars)		
INCOME			
Grant under section 14 (4) of the Canadian Broadcasting Act (excise tax levied on the sale of television receivers and associated parts).....	\$11,703	\$16,960	\$17,738
Broadcasting licence fees—private stations.....	—	9	69
Commercial broadcasting (after deducting (a) agency commissions, (b) allowances to U.S. networks and (c) payments to private stations of a share of the network time charges).....	1,909	6,123	11,226
Miscellaneous.....	33	150	152
	13,645	23,242	29,185
EXPENSE			
Ordinary (including direct costs of sponsored programmes—Note 1).....	7,664	17,429	28,544
Depreciation and obsolescence.....	422	880	1,160
Interest on Government loans.....	275	453	553
	8,361	18,762	30,257
Surplus (Deficit).....	\$ 5,284	\$ 4,480	\$(1,072)

NOTE 1.

In the annual financial statements issued by the Corporation, direct costs of sponsored programmes are deducted from commercial income. This accounts for the differences between the amounts shown above for Commercial Broadcasting Income and Ordinary Expense, and the amounts of these items appearing on Exhibit I which were taken from the Corporation's annual financial statements. The Surplus or Deficit for the year is not affected by this difference in treatment.

Appendix XII

PART I — Exhibit 6

STATEMENT OF INCOME AND EXPENSE—RADIO YEARS ENDED MARCH 31, 1954, 1955 AND 1956

	1954	1955	1956
	(thousands of dollars)		
INCOME			
Grant under section 14 (3) of the Canadian Broadcasting Act (statutory grant).....	\$ 6,250	\$ 6,250	\$ 6,250
Grant under section 14 (4) of the Canadian Broadcasting Act (excise tax levied on the sale of radio receivers and associated parts).....	5,057	4,510	5,062
Broadcasting licence fees—private stations....	275	284	310
Commercial broadcasting (after deducting (a) agency commissions, (b) allowances to U.S. networks and (c) payments to private stations of a share of the network time charges).....	2,848	2,464	2,117
Miscellaneous.....	307	310	227
	14,737	13,818	13,966
EXPENSE			
Ordinary (including direct costs of sponsored programmes—Note 1).....	12,815	13,452	13,591
Depreciation and obsolescence.....	544	484	569
Interest on Government loans.....	94	94	93
	13,453	14,030	14,253
Surplus (Deficit).....	\$ 1,284	\$ (212)	\$ (287)

NOTE 1.

In the annual financial statements issued by the Corporation, direct costs of sponsored programmes are deducted from commercial income. This accounts for the differences between the amounts shown above for Commercial Broadcasting Income and Ordinary Expense, and the amounts of these items appearing on Exhibit 2 which were taken from the Corporation's annual financial statements. The Surplus or Deficit for the year is not affected by this difference in treatment.

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PART I—Exhibit 7

STATEMENT OF INCOME AND EXPENSE—TELEVISION AND RADIO COMBINED YEARS ENDED MARCH 31, 1954, 1955 AND 1956

	1954	1955	1956
(thousands of dollars)			
INCOME			
Grant under section 14 (3) of the Canadian Broadcasting Act (statutory grant).....	\$ 6,250	\$ 6,250	\$ 6,250
Grant under section 14 (4) of the Canadian Broadcasting Act (excise tax levied on the sale of radio and television receivers and associated parts).....	16,760	21,470	22,800
Broadcasting licence fees—private stations....	275	293	379
Commercial broadcasting (after deducting (a) agency commissions, (b) allowances to U.S. networks and (c) payments to private stations of a share of the network time charges).....	4,757	8,587	13,343
Miscellaneous.....	340	460	379
	28,382	37,060	43,151
EXPENSE			
Ordinary (including direct costs of sponsored programmes—Note 1).....	20,479	30,881	42,135
Depreciation and obsolescence.....	966	1,364	1,729
Interest on Government loans.....	369	547	646
	21,814	32,792	44,510
Surplus (Deficit).....	\$ 6,568	\$ 4,268	\$ (1,359)

NOTE 1.

In the annual financial statements issued by the Corporation, direct costs of sponsored programmes are deducted from commercial income. This accounts for the differences between the amounts shown above for Commercial Broadcasting Income and Ordinary Expense, and the amounts of these items appearing on Exhibit 3 which were taken from the Corporation's annual financial statements. The Surplus or Deficit for the year is not affected by this difference in treatment.

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PART I—Exhibit 8

ANALYSIS OF COMMERCIAL BROADCASTING INCOME YEARS ENDED MARCH 31, 1954, 1955 AND 1956

	1954	1955	1956
	(thousands of dollars)		
TELEVISION			
Gross billings to sponsors and agencies..	\$2,305	\$ 8,306	\$16,109
Deduct:			
Agency commissions.....	218	825	1,644
Allowances to United States Net- works.....	150	620	1,219
Payments to private stations of a share of the network time charges.....	28	738	2,020
	396	2,183	4,883
Net.....	\$1,909	\$ 6,123	\$11,226
RADIO			
Gross billings to sponsors and agencies..	\$5,084	\$ 4,052	\$ 3,330
Deduct:			
Agency commissions.....	725	573	442
Allowances to United States Net- works.....	154	109	84
Payments to private stations of a share of the network time charges.....	1,357	906	687
	2,236	1,588	1,213
Net.....	\$2,848	\$ 2,464	\$ 2,117
COMBINED			
Gross billings to sponsors and agencies..	\$7,389	\$12,358	\$19,439
Deduct:			
Agency commissions.....	943	1,398	2,086
Allowances to United States Net- works.....	304	729	1,303
Payments to private stations of a share of the network time charges.....	1,385	1,644	2,707
	2,632	3,771	6,096
Net.....	\$4,757	\$ 8,587	\$13,343

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PART I — Exhibit 9

ANALYSIS OF ORDINARY EXPENSE — TELEVISION AND RADIO COMBINED YEARS ENDED MARCH 31, 1954, 1955 AND 1956

	1954	1955	1956
(thousands of dollars)			
PRODUCTION EXPENSE			
Artists' and other production fees, music, manuscripts and plays, and performing rights.....	\$ 5,736	\$ 7,797	\$10,517
Films.....	628	2,077	3,545
Other.....	633	1,180	1,687
	6,997	11,054	15,749
Transmission Expense.....	153	243	279
OPERATION OF FACILITIES			
Maintenance of equipment and buildings	544	808	1,164
Building services, including rent.....	732	1,018	1,499
Other.....	201	464	769
	1,477	2,290	3,432
Publicity....	220	267	278
PERSONNEL AND OTHER SERVICES			
Salaries and wages.....	8,429	12,835	18,270
Superannuation and other employee benefits.....	448	593	785
Telephone, telegraph and teletype.....	275	386	514
Other.....	909	1,293	1,563
	10,061	15,107	21,132
Interconnection Costs (microwave and lines)	1,929	2,332	2,498
Sub total.....	20,837	31,293	43,368
LESS: EXPENSES ALLOCATED			
To International Service.....	180	190	309
Engineering and overhead capitalized.....	178	222	924
	358	412	1,233
Total.....	\$20,479	\$30,881	\$42,135

SUMMARY OF TELEVISION PROGRAMME COSTS FOR THE WEEK JANUARY 15-21, 1956

Programme Classification	Total Costs	Artists' Fees included therein	Recoveries from Sponsors	ADDITIONAL CLASSIFICATION OF TOTAL PROGRAMME COSTS					Programme Distribution
				Origin of Programme		Language in which Broadcast		Network	
				Canada	U.S.A. and Other	English	French		
	(Note 1)		(Note 2)						
1 News and Weather.....	\$ 43,083	\$ 2,145	—	\$ 43,060	\$ 23	\$ 33,708	\$ 9,375	\$ 33,257	\$ 9,826
2 Nature and Science.....	3,893	2,607	—	3,808	85	85	3,808	3,893	—
3 Foreign Lands and Peoples.....	1,907	230	\$ 1,250	1,665	242	151	1,756	1,907	—
4 Political and Other Controversial Public Affairs.....	4,304	888	—	4,304	—	2,767	1,537	3,611	693
5 Social and Human Relations.....	10,303	1,470	2,609	10,103	200	5,665	4,638	5,095	5,208
6 *Miscellaneous Information.....	—	—	—	—	—	—	—	—	—
7 Canadian Activities and Heritage.....	26,477	5,824	6,739	26,331	146	20,421	6,056	20,985	5,492
8 **Feedback* Programmes.....	—	—	—	—	—	—	—	—	—
9 Religion.....	4,335	585	—	3,950	385	1,548	2,787	4,335	—
10 Fine Arts, Literature and Other Programmes primarily of an Intellectual Character.....	2,909	340	—	2,577	332	2,562	347	2,295	614
11 *Dance.....	—	—	—	—	—	—	—	—	—
12 Agricultural, Fisheries and Other Essentially Occupational Topics.....	5,749	289	—	5,749	—	4,458	1,291	2,643	3,106
13 Family Living and Shopping.....	17,515	3,458	2,630	17,515	—	11,374	6,141	17,515	—
14 Music.....	85,950	30,947	20,292	84,070	1,880	69,664	16,286	64,508	21,442
15 Drama.....	100,231	21,153	37,175	63,542	36,689	52,979	47,252	79,551	20,680
16 Variety.....	82,623	32,331	22,990	76,958	5,665	42,769	39,854	81,430	1,193
17 *Personalities.....	—	—	—	—	—	—	—	—	—
18 Quiz, Games and Contests.....	8,898	4,059	7,729	8,784	114	46	8,852	8,852	46
19 Sports.....	32,202	8,038	11,278	31,594	668	24,388	7,814	16,764	15,438
20 Children's Programmes— (a) School Broadcasts and Other Youth Educational Programmes.....	30,666	10,839	—	29,690	976	2,861	27,805	29,865	801
(b) Other.....	47,070	11,912	3,463	38,347	8,723	32,358	14,712	40,149	6,921
21 *Programme Promotion.....	—	—	—	—	—	—	—	—	—
	\$508,115	\$137,115	\$116,155	\$451,987	\$56,128	\$307,804	\$200,311	\$416,655	\$91,460

* Not applicable or relatively small for CBC.

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PART I — Exhibit 10 — Concluded

SUMMARY OF TELEVISION PROGRAMME COSTS FOR THE WEEK JANUARY 15-21, 1956 — Concluded

Programme Classification	Total Costs	Artists' Fees included therein	Recoveries from Sponsors	ADDITIONAL CLASSIFICATION OF TOTAL PROGRAMME COSTS				Programme Distribution	
				Origin of Programme	Language in which Broadcast			Network	Local
					Canada	U.S.A. and Other	English	French	
	(Note 1)		(Note 2)						
Sponsorship									
Sponsored.....	\$211,942	\$ 66,743	\$116,155	\$179,675	\$32,267	\$150,137	\$ 61,805	\$203,604	\$ 8,338
Sustaining.....	296,173	70,372	—	272,312	23,861	157,667	138,506	213,051	83,122
	\$508,115	\$137,115	\$116,155	\$451,987	\$56,128	\$307,804	\$200,311	\$416,655	\$91,460
Type of Origin									
Live.....	\$433,804	\$136,396	\$ 94,864	\$433,804	—	\$240,708	\$193,096	\$365,265	\$68,539
Films.....	51,597	211	15,034	7,299	\$44,298	46,346	5,251	29,266	22,331
U.S. Networks.....	8,829	458	6,257	—	8,829	8,829	—	8,484	345
Other.....	13,885	50	—	10,884	3,001	11,921	1,964	13,640	245
	\$508,115	\$137,115	\$116,155	\$451,987	\$56,128	\$307,804	\$200,311	\$416,655	\$91,460

Notes 1. The CBC does not pay for U.S. network programmes but it does have some expenses in receiving and broadcasting them; in the case of sponsored programmes the U.S. networks are reimbursed by the CBC billing them for only 50% of network time charges, the U.S. networks billing the advertisers. This allowance to the U.S. networks is treated by the CBC as a deduction from revenue rather than a cost. As indicated by Note 2, station time revenue is not shown on this statement.

2. The recoveries from sponsors shown above comprise only the programme package price and the charges for producing the commercial message. They do not include charges for station time or network distribution.

PART II

CANADIAN BROADCASTING CORPORATION

FORECAST OF CASH REQUIREMENTS 1958-1963

1. CBC PROCEDURE IN THE PAST IN PREPARING
ESTIMATED OF OPERATING CASH REQUIREMENTS

As regards television, while CBC in each year gave some regard to the level of service and rate of expenditure in the preceding year, the main guiding factor in the preparation of the budget each year as to the overall spending rate in the following year seems to have been a scale of expenditure of \$15.00 per television home per year.

Keeping in mind the limitation imposed by the overall spending rate of \$15.00 per television home per year, estimates of cash requirements (including provision for desirable expansion and improvement of services) were prepared by responsible personnel and submitted to Management for review. The estimates as reviewed and revised by Management if deemed necessary, were submitted to the Board of Governors for final review and approval.

As regards the radio service, detailed estimates of cash requirements were prepared by responsible personnel and submitted to Management for review and revision if deemed necessary. Management, generally speaking, has been using as a yardstick or guiding factor an overall cost of \$4.00 per radio home, or \$1.00 per capita of population per year. The estimates as approved by Management were submitted to the Board of Governors for final review and approval.

2. REQUEST OF COMMISSION FOR FORECASTS
OF ESTIMATED CASH REQUIREMENTS FOR THE TEN YEARS 1957-1966

We were instructed by the Commission to prepare, in conjunction with the Canadian Broadcasting Corporation, a forecast of estimated cash requirements for operating and capital purposes for the ten year period 1957-1966. The forecasts were to be prepared on the basis of (1) actual expenditure for the year 1956 adjusted to the level of operations and rate of expenditure during the months of January, February and March 1956 and giving consideration to the factor of reduced activities for the summer months, and (2) what the Corporation considered necessary for reasonably adequate and desirable service during the next ten years determined on the basis of actual estimates of cash requirements and not on the basis of a rate of expenditure of so many dollars per television or radio home.

The forecasts were prepared and reviewed with the Commission in November 1956. In the course of the review, it was pointed out to the Commission that television has developed rapidly in the first four years of operation by CBC, and forecasting the possible development over the period of the next ten years is complicated by the difficulty in predicting the changes that are likely to take place in the industry.

The Commission considered this difficulty of forecasting for so long a period with any reasonable degree of accuracy and then directed that the forecast be reduced to a six year period 1958-1963 and that the estimates of

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cash requirements included in the preliminary ten year forecast be reviewed with the view to reducing the anticipated demand on public funds. The Commission specifically suggested that in the review particular consideration be given to the following:

- (i) The elimination of any expenditures which the CBC did not consider as being essential to the efficient operation of a reasonably adequate service, i.e., to delete provision for developments which are considered desirable but not essential.
- (ii) A slowing-down of the proposed rate of increase in television hours of operation.
- (iii) Allowing, as far as seems reasonable to expect, for extension of coverage by privately-owned, rather than CBC-owned low power stations.
- (iv) The revenues which might be derived from an intensification of commercial activities together with some increase in the number of spot announcements on television.
- (v) The possibility of abandonment of the single channel policy in television. (This refers to the Government's television policy as expressed in public statements since 1949 to the effect that no two stations will be licensed to serve the same area — it is desirable to have one station in as many areas as possible before there are two in any one area.)
- (vi) The operating level of radio networks.
- (vii) The acceptance of local and spot advertising on the CBC radio stations.

The year 1957 was dropped from the revised forecasts because grants have already been provided for this year.

The estimates indicate that these grants together with cash on hand at the beginning of the year will be sufficient to take care of the Corporation's cash requirements for 1957, as indicated by the following:

	Television	Radio	Combined
(thousands of dollars)			
Estimate of operating expenditure — 1957:			
Gross	\$40,212	\$14,180	\$54,392
Commercial revenue	14,790	1,295	16,085
Net	25,422	12,885	38,307
Estimate of capital expenditures — 1957	5,600	964	6,564
Government loans —			
Interest	837	91	928
Capital repayments	37	101	138
	31,896	14,041	45,937
Government grants — 1957:			
Fixed	12,000	6,250	18,250
Excise taxes — estimated	15,000	5,500	20,500
Working capital at March 31, 1956	15,322	5,672	20,994
	42,322	17,422	59,744
Estimated working capital at			
March 31, 1957	\$10,426	\$ 3,381	\$13,807

The estimated operating expenditure (net) for television for the year 1957 of \$25,422,000 compares with \$20,420,000 for 1956 (as adjusted to the rate of spending in the last three months of that year and giving consideration to the factor of reduced activities during the summer months). The increase in net expenditure of \$5,002,000 (difference between increase in estimated gross expenditure of \$8,544,000 and in estimated commercial revenue \$3,542,000) is accounted for in part by:

- (i) The production of feature documentary films dealing with Canadian topics prepared specially for television to achieve greater variety and balance and relieve pressure on studios for live productions \$2,000,000
- (ii) The extension during 1957 of the hours of television broadcasting as the first step in equalizing the hours of operation of all CBC stations to 70 hours per week by March 31, 1958 \$1,461,000
- (iii) Provision for special types of programmes which arise from time to time \$1,093,000
- (iv) Extension of the microwave connections \$ 292,000

The estimated operating expenditure (net) for radio for the year ending March 31, 1957 of \$12,885,000 compares with \$11,430,000 for 1956 (as adjusted to the rate of spending on an annual basis for those changes made during the year). The increase in net expenditure of \$1,455,000 (increase in estimated gross expenditure \$1,067,000 and estimated decrease in commercial revenue \$388,000) is accounted for largely by estimated increases in operating costs and decline in programme sales.

3. ASSUMPTIONS ON WHICH THE FORECASTS OF ESTIMATED CASH REQUIREMENTS FOR THE SIX YEARS 1958-1963 ARE BASED

The forecasts of estimated cash requirements have been prepared on the following basic assumptions:

- (i) That, except for the possible abandonment of the single channel policy in television, there will be no essential change in the Canadian broadcasting system as presently organized and operated or in the general objectives of the national service, in television and radio, English and French. Accordingly:
 - (a) That CBC stations and privately-owned stations will continue to operate in the co-ordinated national system to serve community, regional and national interests; the system will continue to have the objective of securing maximum practical coverage and of bringing comparable service to people in all parts of Canada; the CBC will continue as the operating authority.
 - (b) That the primary objective of the national service will be to supply balanced programme schedules in English and French serving minority as well as main interest and taste groups in the public. At least the present proportion of Canadian content will be maintained and the CBC will continue to make the greatest possible use of Canadian talent.

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- (c) That the operating costs of the national radio and television broadcasting systems will be met from commercial revenues and from public funds to the extent necessary.
- (d) That the capital costs will be provided from public funds.
- (ii) That the CBC will not have to finance out of its funds any radio coverage to be provided to the Northern territories (the Yukon and the Districts of the Mackenzie and Keewatin).
- (iii) That the following important developments may take place during the six year period 1958-1963.
 - (a) That the hours of television broadcasting of all CBC stations will be equalized to 70 hours per week by March 31, 1958 and increased progressively to 88 $\frac{3}{4}$ hours per week by the end of the fiscal year 1963.
 - (b) That the present television coverage of approximately 80 per cent of the population will be extended to cover another 10 per cent of the population.
 - (c) That colour service in television broadcasting will be inaugurated in the fall of 1958 to the extent of 10 per cent of the programme schedule by the importation of U.S. programmes for the English Network and the use of film for the French Network. That starting with the fiscal year 1960 a further 10 per cent of the programme schedule will be converted to colour and increased by 10 per cent each year thereafter so that by 1963 (last year of the forecast), some 50 per cent of the television programme service should be in colour.
 - (d) That there will be an intensification of the commercial activities of the CBC and that it will accept an increased number of television spot announcements.
 - (e) That for radio there will be no material change in the number of broadcast hours but that there will be some saving in network operations, particularly the Dominion Network, through a reduction in the programme budget.
 - (f) That the CBC will accept non-network and local spot business on all its radio stations.
 - (g) That the present radio coverage will be extended to embrace some 500,000 people not satisfactorily covered at the present time.
 - (h) That the television and radio facilities will be consolidated at the six main locations by (a) establishment of facilities at new sites, away from the centre of the cities, at Montreal and Toronto and (b) expansion of present facilities at sites now owned and occupied by the CBC at the other four television centres to provide for the inclusion of the radio services.

4. MANNER IN WHICH FORECASTS OF ESTIMATED
CASH REQUIREMENTS COMPILED FOR THE SIX YEARS 1958-1963

The forecasts for the six years 1958 to 1963 have been compiled in the following manner:

- (i) On the basis of constant 1956 dollars.
- (ii) By taking into consideration commercial revenue but not (a) Government grants or (b) Income from private station licence fees.
- (iii) By taking into consideration the current rate (fall of 1956) of expenditure and commercial revenue.
- (iv) By providing for estimated costs of significant developments and expansion of the television service — such as extension of coverage, extension of hours of operation in the daytime, some further development of Canadian programming and the development of colour television. The forecast of estimated cash requirements for capital have been related to the development and expansion programme.
- (v) By providing for estimated normal increases in ordinary operating expenditures that are likely to occur.
- (vi) By providing in the capital forecast for the replacement of worn-out and obsolete fixed assets.
- (vii) By excluding entirely and not providing in the forecast for:
 - (a) Interest on or repayments of Government loans.
 - (b) Depreciation and obsolescence.
 - (c) Cost of operating the International Shortwave Service as the Government reimburses CBC for the cost of this operation.
 - (d) Cost of providing radio service for the Northern territories as the CBC does not consider that such costs should be included in its estimates of cash requirements. The CBC has estimated the cash requirements for such service for the years 1958-1963 as follows:

	Operating	Capital	Combined
	(thousands of dollars)		
1958.....	—	\$ 100	\$ 100
1959.....	\$198	1,000	1,198
1960.....	450	1,400	1,850
1961.....	450	—	450
1962.....	450	—	450
1963.....	450	—	450

5. OPINION ON FORECASTS OF ESTIMATED
CASH REQUIREMENTS FOR THE SIX YEARS 1958-1963

Prior to the commencement of work on the preparation of the forecasts, we conferred and discussed with senior management officials of the CBC the plan to be followed in order to produce the annual projections and the type of information and financial particulars required. The plan outlined and followed in the preparation of the forecasts was according to principles generally adopted in projecting estimated cash requirements for a period of years.

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We reviewed operating statements and compared budgets with statements of actual performance for the years 1955 and 1956; we examined estimates of expenditures and commercial revenue for the year 1957; we reviewed and discussed these statements with Management and senior members of the accounting staff of the Corporation. We worked almost continuously, in the preparation of the forecasts of operating requirements, with CBC Co-ordinators of Television and Radio and with other key personnel concerned with the operation of these broadcasting services. We reviewed with engineers of the CBC the methods and procedures followed by them in arriving at the estimated cost of projects included in the forecast of capital expenditures.

In our opinion, based on (1) the assumptions underlying the forecasts as previously outlined herein and (2) the cost estimates, made by CBC engineers for capital development, the figures shown on the next following table for each of the six years 1958-1963 fairly present the estimated cash requirements of the CBC.

In connection with the revised television forecasts for the six years 1958-1963, the CBC in its introduction commented in part as follows:

"Within the limits of forecasting accuracy, the original estimates of total expenditures less anticipated commercial revenues submitted in September 1956 represented what the Corporation considers necessary for reasonably adequate service. Any cut in these estimates will involve a reduction of amount, quality or character of service below the recommended levels. Having weighed the numerous factors and contingencies involved, it is the considered opinion of the Corporation that it would no longer be in a position to provide a *minimum acceptable* service if this cut was more than 25 per cent of the original estimates of public funds required for the year 1962-63, with intervening years adjusted linearly."

The difference between the ten year forecast 1957-1966 and the revised six year forecast 1958-1963 for television operating expenditure (net) amounts to approximately 25 per cent for the year 1963 with intervening years varying proportionately.

In connection with the above quoted comments of the CBC we point out that certain of the factors which were adjusted in the compilation of the revised television forecasts do not involve any reduction in the service, because the adjustments represented a change based on information which was not available when the ten year estimates were made.

Similar comments have been made by the CBC with regard to the revised radio forecasts, except that it points out there should be no reduction in the radio service because the ten year forecast did not reflect an anticipated increase in commercial revenue to reflect the contemplated change in policy of the acceptance of local advertising. The difference between the ten year forecast 1957-1966 and the revised six year forecast 1958-1963 for radio operating expenditure (net) amounts to approximately 10 per cent for the year 1963 with intervening years varying proportionately.

The capital programme as contemplated in the ten year forecast 1957-1966 has been adjusted downwards and related to the programme of expansion contemplated by the revised operating forecasts for the six year period 1958-1963.

6. FORECASTS OF ESTIMATED OPERATING CASH REQUIREMENTS
FOR THE SIX YEARS 1958-1963

The following tables show in summarized form the estimated cash requirements (on the basis of constant 1956 dollars) of the Corporation for each of the six years 1958-1963. The figures do not include (1) any amount for Government grants or income from private station licence fees or (2) any provision for interest on or repayment of Government loans or for depreciation and obsolescence.

FORECAST OF NET OPERATING EXPENDITURE

(thousands of dollars)

Year	Gross Expenditure	Commercial Revenue (net)	Net Expenditure
TELEVISION			
1958.....	\$ 47,850	\$17,127	\$30,723
1959.....	55,828	19,658	36,170
1960.....	62,386	21,120	41,266
1961.....	70,209	23,466	46,743
1962.....	76,461	24,712	51,749
1963.....	83,480	26,090	57,390

RADIO			
1958.....	\$ 14,760	\$ 1,245	\$13,515
1959.....	15,360	1,400	13,960
1960.....	15,976	1,480	14,496
1961.....	16,739	1,640	15,099
1962.....	17,363	1,600	15,763
1963.....	18,079	1,560	16,519

TELEVISION AND RADIO COMBINED			
1958.....	\$ 62,610	\$18,372	\$44,238
1959.....	71,188	21,058	50,130
1960.....	78,362	22,600	55,762
1961.....	86,948	25,106	61,842
1962.....	93,824	26,312	67,512
1963.....	101,559	27,650	73,909

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On the basis of the projected developments in the television service a rough estimate indicates that the total staff of the CBC, television and radio, will amount to some 7,300 persons by the end of 1963 as compared with 5,022 at the end of 1956.

(i) Television Forecast

It will be noted from the table that the estimated net operating expenditure for television for the year 1958 amounts to	\$30,723,000
This compares with the estimated net operating expenditure for the year 1957	25,422,000
an estimated increase of	<u>\$ 5,301,000</u>

The estimated increase of \$5,301,000 (increase in estimated gross expenditure of \$7,638,000 less estimated increase in commercial revenue of \$2,337,000) is accounted for in part by the following:

A. Continuation and completion of improvement in services started in 1957 —

(a) An additional provision for the cost of production of feature documentary films dealing with Canadian topics prepared specially for television to achieve greater variety and balance and relieve pressure on studios for live productions...	\$ 1,120,000
(b) An additional provision for equalization of hours of operation of all CBC stations to 70 hours per week	759,000
(c) An additional provision for the extension of the microwave connections	970,000
	<u>\$ 2,849,000</u>

B. The replacement of certain "fill-in" programmes (low cost films) by live productions (no similar expenditure was included in 1957)

\$ 1,040,000

Certain improvements (such as documentary films, equalization of hours, extension of microwave connections and replacement of certain "fill-in" programmes) in the television service are scheduled to be carried out in 1957 and 1958. The figures quoted herein for 1957 and the estimates of cash requirements for 1958 include provision for such improvements. By March 31, 1958, the present expansion programme started in 1957 is scheduled to be completed and as provision has been made in the estimates for each of the years 1959-1963 for a continuation of such expenditures, it

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has been assumed for purposes of comparison of the year 1958 with later years that the estimated net operating expenditure of \$30,723,000 for the year 1958 is the rate of estimated spending for normal or ordinary operations.

The table indicates that the estimate of net operating expenditure for television for 1963 compares with the estimate for the year 1958 as follows:

1963	\$57,390,000
1958	30,723,000
Estimated Increase	<u>\$26,667,000</u>

The estimated increase in the net spending rate is accounted for by:

Increase in Programme Production and Station Operations	\$28,106,000
Distribution—microwave connections, kinescope recording and operation of CBC repeater stations	7,524,000
	<u>\$35,630,000</u>
Less: Increase in Commercial Revenue (net)	8,963,000
	<u>\$26,667,000</u>

The forecast of net operating expenditure for television includes provision for the following major expansions and developments during the years 1959-1963:

(a) Extension of hours of operation

That the hours of television broadcasting of all CBC stations will be increased progressively from 70 hours per week to 88 $\frac{3}{4}$ hours per week by 1963 (last year of the forecast).

(b) Introduction of colour

That colour television service will be inaugurated in the fall of 1958 (fiscal year 1959) to the extent of 10 per cent of the programme schedule; that starting with the fiscal year ending in 1960, a further 10 per cent of the programme service will be converted and increased by 10 per cent each year thereafter so that by 1963 (last year of the forecast) some 50 per cent of the television programme service will be converted.

(c) Extension of coverage

That the present television coverage provided by CBC and private stations of approximately 80 per cent of the population will be extended to cover another 10 per cent of the population.

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The following tables show the estimated annual impact of these three factors:

Year	Estimated Net Expenditure for Previous Year	Increase During Year			Estimated Net Expenditure for Year
		Gross Expenditure	Commercial Revenue	Net Increase	

(thousands of dollars)

(a) Extension of hours of operations

1959	—	\$2,220	\$ 772	\$1,448	\$1,448
1960	\$1,448	1,946	358	1,588	3,036
1961	3,036	2,798	1,138	1,660	4,696
1962	4,696	1,584	316	1,268	5,964
1963	5,964	2,462	474	1,988	7,952

(b) Introduction of colour

1959	—	1,622	405	1,217	1,217
1960	1,217	1,461	421	1,040	2,257
1961	2,257	1,628	465	1,163	3,420
1962	3,420	1,774	493	1,281	4,701
1963	4,701	2,083	537	1,546	6,247

(c) Extension of coverage

1959	—	420	—	420	420
1960	420	1,222	—	1,222	1,642
1961	1,642	1,723	—	1,723	3,365
1962	3,365	953	—	953	4,318
1963	4,318	222	—	222	4,540

The three factors combined

1959	—	4,262	1,177	3,085	3,085
1960	3,085	4,629	779	3,850	6,935
1961	6,935	6,149	1,603	4,546	11,481
1962	11,481	4,311	809	3,502	14,983
1963	14,983	4,767	1,011	3,756	18,739

If three above mentioned factors relating to contemplated expansion and extension are excluded from the projections of estimated cash requirements

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for television for the years 1959 (first of the expansion plan) through 1963, the forecast of ordinary net operating expenditures would be as follows:

Year	Estimated Net Expenditure for Previous Year	Increase During Year			% of Increase for Year	Estimated Net Expenditure for Year
		Gross Expenditure	Commercial Revenue	Net Increase		
(thousands of dollars)						
1959	\$30,723	\$3,716	\$1,354	\$2,362	7.7	\$33,085
1960	33,085	1,929	683	1,246	3.7	34,331
1961	34,331	1,674	743	931	2.7	35,262
1962	35,262	1,941	437	1,504	4.3	36,766
1963	36,766	2,252	367	1,885	5.1	38,651

The following table shows the estimated total net expenditure for television for the years 1959—1963 segregated as between ordinary operating expenditure and expenditure for expansion of television service:

Year	Estimated Net Expenditure for Previous Year	Net Expenditure Increase During Year			Estimated Net Expenditure for Year
		Ordinary	Expansion	Total	
(thousands of dollars)					
1959	\$30,723	\$2,362	\$ 3,085	\$ 5,447	\$36,170
1960	36,170	1,246	3,850	5,096	41,266
1961	41,266	931	4,546	5,477	46,743
1962	46,743	1,504	3,502	5,006	51,749
1963	51,749	1,885	3,756	5,641	57,390
		\$7,928	\$18,739	\$26,667	

It will be noted from the above table—

- (1) That the estimated net spending rate for television for the year 1963 will amount to \$57,390,000 as compared with \$30,723,000 for the year 1958, an increase of \$26,667,000.
- (2) That of the estimated increase of \$26,667,000 an amount of \$18,739,000 represents estimated expenditure for expansion and extension of the television service and \$7,928,000 represents estimated normal increases in ordinary operations.

(ii) Radio Forecast

It will be noted from the forecast table that the estimated net operating expenditure for radio for the year 1958 amounts to \$13,515,000 This compares with the estimated net operating expenditure for the year 1957 of 12,885,000
 an estimated increase of \$ 630,000

Royal Commission on Broadcasting

No basic change in the radio service is anticipated. The estimated increase of \$630,000 (increase in estimated gross expenditure of \$580,000 and decrease in miscellaneous income of \$50,000) represents normal increases in estimated operating expenses of \$855,000 less decrease in estimated operating expenses of the Dominion Network of \$275,000 through replacement of some programs with less costly ones.

It will also be noted from the forecast table that estimated operating expenditure for 1963 of \$16,519,000 compares with the estimate for the year 1958 of \$13,515,000. The estimated increase of \$3,004,000 in the net spending rate is accounted for by:

Increase in Production and Station Operations	\$ 2,793,000
(chiefly normal increases in estimated operating expenses)	
Operating cost of extended coverage	526,000
	<u>\$ 3,319,000</u>
Less: Increase in Commercial Revenue	315,000
	<u>\$ 3,004,000</u>

The following table shows the estimated increase in net operating expenditure for each of the years 1959-1963 for the radio service:

Expenditure for each of the years 1959-1963						
Year	Estimated Net Expenditure for Previous Year	Increase During Year			% of Increase for Year	Estimated Net Expenditure for Year
		Gross Expenditure	Commercial Revenue	Net Increase		
(thousands of dollars)						
1959	\$13,515	\$600	\$155	\$445	3.3	\$13,960
1960	13,960	616	80	536	3.8	14,496
1961	14,496	763	160	603	4.2	15,099
1962	15,099	624	(40)	664	4.4	15,763
1963	15,763	716	(40)	756	4.8	16,519

(iii) Television and Radio Forecasts Combined

The Main Government Estimates for the year 1958 tabled in the House of Commons in January 1957 include provision for grants to CBC in the same amount as in the year 1957, viz. — Grants toward the anticipated deficit — operations and capital of the Radio Broadcasting Service of \$6,250,000 and of the Television Service of \$12,000,000 — plus grants equal to the excise tax revenue on radio and television receiving sets and equipment estimated at \$16,000,000 — a total of \$34,250,000.

The forecast of estimated cash requirements of the CBC for the year 1958 amounts to \$44,238,000 for operating purposes and \$10,583,000 for capital expenditures. We understand from the CBC that the Government grants included in the 1958 Estimates were made on the same basis as 1957 pending consideration by Parliament of the findings and recommendations of the Royal Commission.

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The forecasts indicate that the overall operating requirements of the CBC will increase from \$44,238,000 for 1958 to \$73,909,000 for 1963, an increase of \$29,671,000.

As explained above the television forecast includes estimated expenditures during the years 1959-1963 for three major expansion developments (extension of hours of operation, introduction of colour and extension of coverage) having a net annual impact of \$18,739,000 by 1963.

The following table shows the estimated total net expenditure for television and radio combined for the years 1959-1963 segregated as between ordinary expenditure and expenditure for expansion of the television service.

Net Expenditure Increase During Year						
Year	Estimated Net Expenditure for Previous Year	Ordinary Television and Radio Combined	Expansion of Television Service	Total	% of Increase for Year	Estimated Net Expenditure for Year
(thousands of dollars)						
1959	\$44,238	\$ 2,807	\$ 3,085	\$ 5,892	13.3	\$50,130
1960	50,130	1,782	3,850	5,632	11.2	55,762
1961	55,762	1,534	4,546	6,080	10.9	61,842
1962	61,842	2,168	3,502	5,670	9.2	67,512
1963	67,512	2,641	3,756	6,397	9.5	73,909
		\$10,932	\$18,739	\$29,671		

To produce the total cash requirements for the five year period 1959-1963, a percentage of 11.376 per cent would have to be added annually, on a cumulative basis, to the cash requirements for 1958 (\$44,238,000) and each of the next four years. A comparison of the figures compiled on this basis with the figures shown by the forecasts is as follows:

Year	Estimated Cash Requirements as per Forecasts			Computation Based on 11.376% Rate of Increase
	Previous Year	Increase for Year	Total for Year	
(thousands of dollars)				
1959	\$44,238	\$5,982	\$ 50,130	\$ 49,270
1960	50,130	5,632	55,762	54,876
1961	55,762	6,080	61,842	61,119
1962	61,842	5,670	67,512	68,073
1963	67,512	6,397	73,909	75,817
			\$309,155	\$309,155

Royal Commission on Broadcasting

If the annual impact of \$18,739,000 by 1963 for the three major expansion developments in the television service is excluded, the net operating requirements in 1963 for television and radio combined would be \$55,170,000 as compared with \$44,238,000 in 1958 — an increase of \$10,932,000. The following table shows the estimated total net expenditure for each of the years 1959-1963 excluding the major expansion developments in the television service:

Year	Estimated Net Expenditure for Previous Year	Increase During Year			% of Increase for Year	Estimated Net Expenditure for Year
		Gross Expenditure	Commercial Revenue	Net Increase		
(thousands of dollars)						
1959	\$44,238	\$4,316	\$1,509	\$ 2,807	6.3	\$47,045
1960	47,045	2,545	763	1,782	3.8	48,827
1961	48,827	2,437	903	1,534	3.1	50,361
1962	50,361	2,565	397	2,168	4.3	52,529
1963	52,529	2,968	327	2,641	5.0	55,170
				\$10,932		

To produce the total cash requirements for the five year period 1959-1963, excluding provision for the estimated net cost of the three major television expansion factors, a percentage of 4.637 per cent would have to be added annually, on a cumulative basis, to the cash requirements for 1958 (\$44,238,000) and each of the next four years. A comparison of the figures compiled on this basis with the figures shown by the forecasts is as follows:

Year	Estimated Cash Requirements as per Forecasts			Computation Based on 4.637% Rate of Increase
	Previous Year	Increase for Year	Total for Year	
1959	\$44,238	\$2,807	\$ 47,045	\$ 46,290
1960	47,045	1,782	48,827	48,436
1961	48,827	1,534	50,361	50,682
1962	50,361	2,168	52,529	53,032
1963	52,529	2,641	55,170	55,492
			\$253,932	\$253,932

7. FORECAST OF ESTIMATED CAPITAL CASH
REQUIREMENTS FOR SIX YEARS 1958-1963

The Forecast of estimated cash requirements for Capital Plant Development for the six years 1958-1963 was developed and prepared by Management and the Engineering Division of the CBC.

As the capital programme involves highly technical development on which we are not qualified to express any views, we accepted the cost estimates of the CBC for inclusion in this Report. We reviewed with key personnel of the Engineering Division the method and procedures followed in compiling the cost estimates and such methods and procedures seemed to us to be reasonable.

As regards the television service, the Forecast of Capital Plant Development has been based on (a) completion of projects approved in 1957 by the Board of Governors and (b) the requirement of providing adequate production and distribution facilities to improve the present service and to meet the demand created by the contemplated expansion of the service. The three basic areas of development are:

- (1) Provision of plant and other facilities to carry on existing and committed services in a more efficient manner.
- (2) Provision of new plant, production and distribution facilities for increased activities as the hours of service are extended and for the extension of coverage by means of repeater stations.
- (3) Provision for development of new production and transmission facilities or conversion of existing facilities for colour television transmission and production.

It will be necessary to carry out simultaneously the work involved in these three basic areas of development. The approximate time table for service growth works out something as follows:

- 1959 — The network programme hours are advanced from 4.00 P.M. to 3.00 P.M.; CBC commences colour television transmission by carrying U.S. network programmes on the English network and colour film on the French network.
- 1960 — Network broadcasting hours continue to increase, moving back to 2.30 P.M.; nine television repeater stations are brought into service; and live Canadian-produced colour television programming starts, making up approximately 10 per cent of the schedule.
- 1961 — Network service advances to 1.30 P.M.; the second group of thirteen repeater stations is brought into service; and another 10 per cent of colour programming is added to the schedule.
- 1962 — Network service advances to 1.00 P.M.; the last group of five repeater stations commences operations to complete the coverage plan; and a further 10 per cent of colour programming is added to the schedule.
- 1963 — The hours of broadcasting of all stations reach the full degree of development planned in the operating forecast, and service starts at 12.15 P.M.; and a further 10 per cent of colour programming is added to the schedule.

Royal Commission on Broadcasting

As regards the radio service, the Forecast of Capital Plant Development has been prepared in accordance with the policy of the CBC which is to maintain existing facilities and to extend the coverage to certain areas now receiving little or no service and which can still be covered at reasonable cost. In particular, the plans cover the following:

- (1) The completion of projects approved in 1957 by the Board of Governors.
- (2) Replacement of buildings and technical facilities because of normal depreciation and obsolescence and the consolidation of facilities at various locations.
- (3) Limited extension of coverage and improvement of service and allowance for new stations to provide for population growth or major shifts in population.
- (4) Miscellaneous equipment and necessary improvements to leased properties.

For the purpose of our study we have grouped the major projects considered essential by the CBC under four main headings. The headings and the estimated cost of the projects to be undertaken during the next six years (1958-1963), so far as can be estimated at present, are as follows:

	Television	Radio	Combined
	(thousands of dollars)		
Completion of projects approved in 1957 by Board of Governors—estimated cash requirements in 1958 and subsequent years.....	\$ 5,158	\$ 2,295	\$ 7,453
Consolidation of facilities at all locations, together with provision of plant and equipment to carry on existing service and to meet the additional demands created by the extension of hours of service and the introduction of colour....	100,398	9,105	109,503
Construction of repeater stations for extension of television coverage and construction of new transmitters and low power relay stations for radio.....	6,585	3,325	9,910
Miscellaneous capital expenditures.....	7,150	3,462	10,612
	\$119,291	\$18,187	\$137,478

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The Forecast indicates that the expenditures will be made, by years, as follows:

	Television	Radio	Combined
	(thousands of dollars)		
1958.....	\$ 7,888	\$ 2,695	\$ 10,583
1959.....	11,375	2,982	14,357
1960.....	10,612	2,568	13,180
1961.....	20,638	2,568	23,206
1962.....	27,165	2,468	29,633
1963.....	21,085	2,818	23,903
	98,763	16,099	114,862
Estimated cost of completing projects—anticipated to be in progress but not completed by end of 1963.....	20,528	2,088	22,616
	\$119,291	\$18,187	\$137,478

Following are some comments on the capital expenditure forecasts:

Television

(i) *Completion of projects approved in 1957 by the Board of Governors—\$5,158,000*

Most of these projects are already under way. Some have been completed, others will be finished in 1958 or 1959. The estimated cash requirements to complete these projects are as follows:

	Total Cost Estimates	Provided for in 1957 Estimates	Estimated Requirements 1958 and Subsequent
	(thousands of dollars)		
Extension—Radio Canada Building, Montreal—one complete studio equipped for colour.....	\$2,384	\$ 567	\$1,817
Extension—Jarvis Street Buildings, Toronto—one complete studio equipped for colour.....	2,142	498	1,644
Studios, transmitters and equipment....	2,619	1,727	892
Additional space and facilities required for existing services.....	1,879	1,295	584
Miscellaneous.....	734	513	221
	\$9,758	\$4,600	\$5,158

Royal Commission on Broadcasting

- (ii) *Consolidation of facilities at all locations, together with provision of plant and equipment to carry on existing service and to meet the additional demands created by the extension of hours of service and the introduction of colour — \$100,398,000*

The projected expenditures consist of:

Buildings	\$ 43,030,000
Equipment (including equipment for 23 new studios and the replacement of equipment in 6 existing studios at an estimated average cost of \$1,000,000 each)	55,416,000
Other	1,952,000
	<hr/>
	\$100,398,000

One of the first factors in the plant development is the consolidation of operations at all locations insofar as this is practical. Many of the operations are being conducted in rented premises scattered over a wide area, particularly in Toronto and Montreal, and provision has been made for the consolidation of these facilities to the extent practical. At the present time, annual rentals on properties leased in Toronto amount to \$317,000 and in Montreal to \$650,000, which includes about \$300,000 for the Radio Canada Building rented from the Government through the International Service. The consolidation will involve substantial capital expenditures for both the television and radio services, particularly the former. Steps were taken last year to acquire adequate land for consolidation and development in Vancouver, Winnipeg and Halifax, including consolidation of radio and integrated services. CBC holds the view that before consideration is given to provision of facilities for an expanded production load, it is desirable in the interests of efficiency and economy to provide for the consolidation of present operating facilities, television and radio, in properties owned by the Corporation. The plan for Toronto for a new location involves this consideration together with provision for expanded facilities. For the development of plant and facilities in Montreal, where the multiple location problem is also serious, it is also planned to move to a new location where facilities will be consolidated. For both Toronto and Montreal the cost estimates have been based on a location away from the centre of the cities.

In estimating the capital expenditures for the forecasts, it has been assumed that work will commence on the consolidated facilities in Toronto and Montreal in 1958. On this basis, some activities will be moved to these locations in 1961 but the move will not be completed until 1966 because it is expected that the facilities will not be finished until then. In the forecasts, no account has been taken of possible savings in transportation costs because for a period of about five years the CBC will still be operating from several locations in each city but there should be material savings in costs after 1966. It has been assumed

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that for the period covered by the forecasts 1958-1963 any saving in rent will be offset by the operating expenses of the new properties plus additional costs which might be involved until the move is complete. No account has been taken of funds which will be realized on disposals of properties which the CBC owns and will be vacated on completion of the consolidation.

While part of the estimated capital expenditures relate to projected developments in the services, provision has also been made for new facilities capable of carrying on the existing services in a more economical and efficient manner. It is not possible to extract from the estimates the proportion of the capital costs on buildings and equipment relating to the provision of new facilities to operate existing services in a more economical and efficient manner or that relating to projected developments such as the extension of hours of service or the introduction of colour. To provide this information it would have been necessary to make separate projections.

The estimates include the following major items as the cost of the consolidated facilities for Montreal and Toronto:

	Montreal	Toronto	Total
Buildings.....	\$18,000,000	\$18,200,000	\$36,200,000
Equipment.....	18,262,000	16,864,000	35,126,000
	\$36,262,000	\$35,064,000	\$71,326,000

(iii) *Construction of repeater stations for extension of coverage — \$6,585,000*

At present 80 per cent of the Canadian population is within the range of Canadian television stations. The CBC proposes to construct and operate a number of repeater stations in centres of 5,000 population or more. The Corporation has plans for 27 of these stations; if private stations are licensed in any of these areas, the CBC plans to allocate a repeater station to some other area close to the 5,000 population figure. It is estimated that the repeater stations which will come into operation in the next few years, both CBC and privately-owned, will cover 10 per cent of the population not now being served, indicating 90 per cent coverage in all.

Radio

(i) *Completion of projects approved in 1957 by the Board of Governors — \$2,295,000*

Most of these projects are already under way, some have been completed, others will be finished in 1958 or 1959.

The main project is the construction of a building in Ottawa to provide space for all head office personnel located in that city. The estimated cost of this project is \$2,250,000.

Royal Commission on Broadcasting

The CBC maintains separate accounts for the radio and television services; this applies to assets as well as to the operating accounts. As a general rule, accounts relating to both services, known as integrated services, are grouped with radio in the first instance, an appropriate operating adjustment being made to the television service during or at the end of each accounting period.

To date it has been the policy of the CBC to have capital assets recorded in the accounts of one of the two services, i.e., either radio or television. Capital assets which relate to the two services are recorded as assets of the radio service. Thus the entire cost, \$2,250,000, of the new office building for Ottawa is included in the capital budget of the radio service. It is the intention of the CBC to change this policy.

With the exception of the estimated costs of completing the projects approved in 1957 by the Board of Governors the figures contained in the radio and television forecasts of capital requirements represent the estimated cost of new facilities which pertain to each of the services, that is to say, the cost of integrated service facilities has been divided between the radio and television services instead of all being included with the radio service.

(ii) *Consolidation of facilities at certain locations together with provision for replacement of buildings and technical facilities—\$9,105,000*

Provision has been made for the cost of replacing radio equipment and facilities which are already, or during the next few years likely to become, worn-out or obsolete. Much of this equipment is said to be already in this state and operational breakdowns and failures are increasing yearly.

The estimates also provide for acquiring premises in certain locations where operations are presently conducted in unsatisfactory quarters. Much of the leased property and some of the CBC-owned buildings are said to be inadequate or otherwise unsuited to current needs.

An important feature in the replacement of buildings and technical facilities is the consolidation of operations at all locations insofar as this is practical. While at the present time the CBC as a whole is operating to a large extent in rented premises, most of the radio stations and studios are in CBC-owned property, except for the Radio Canada Building in Montreal. It is considered by CBC to be desirable in the interests of efficiency and economy to provide for the consolidation of present operating facilities, radio and television, in properties owned by the Corporation. The radio service's share of the cost of consolidated facilities in Toronto is estimated at \$2,040,000 and for Montreal, \$2,600,000 made up as follows:

	Toronto	Montreal	Total
Buildings.....	\$1,300,000	\$1,300,000	\$2,600,000
Equipment.....	740,000	1,300,000	2,040,000
	\$2,040,000	\$2,600,000	\$4,640,000

- (iii) *Construction of new transmitters and low power relay stations to replace inadequate facilities and to provide for some extension of coverage and for population growth — \$3,325,000*

A limited extension plan is contemplated to meet what the CBC considers to be essential coverage needs. It will provide CBC service to about 500,000 people, half of whom are not presently receiving primary radio service from any station; the remainder are receiving CBC service in varying amounts through private stations. The plan is also designed to take care of the development of new communities resulting from population growth and shifts.

Coverage will be provided by means of establishing a number of standard band stations, by increasing the power of existing stations and by providing coverage through low power relay transmitters in remote areas. The capital cost of this programme is based on CBC's recent experience in building or replacing transmitters. The amount also provides for new stations of various sizes where and when needed as the population grows and new communities develop.

Cost of Service to the Northern territories — \$2,500,000

The extension of radio coverage to include the Yukon and the Districts of the Mackenzie and Keewatin is not considered by the CBC to come within the general objectives on which the Capital Forecast was based, and no provision has been made for such coverage in the estimated capital requirements of the CBC.

It is estimated that to provide this service would involve capital costs of \$2,500,000.

The plan upon which the costs have been estimated provides coverage for the Yukon and the Districts of the Mackenzie and Keewatin by the establishment of a shortwave station near Vancouver and another near Winnipeg, and by the improvement in operation of existing National Defence Stations which would relay the shortwave transmissions on the standard band. It is estimated that the service to the Northern territories will provide coverage for some 32,000 persons.

PART III

PRIVATELY-OWNED RADIO AND TELEVISION STATIONS

1. LEGISLATIVE AUTHORITY

All privately-owned radio and television broadcasting stations in Canada are subject to the provisions of the Radio Act 1938 (as amended) R.S.C. 1952, Ch. 233, and to the Canadian Broadcasting Act, 1936 (as amended) R.S.C. 1952, Ch. 32.

Royal Commission on Broadcasting

Controls from a technical point of view are administered by the Department of Transport, and from a programme point of view by the Canadian Broadcasting Corporation. In addition, the Minister of Transport and the CBC exercise control over the ownership of private commercial broadcasting stations and over the ownership of shares of companies which are licensees.

The Radio Act provides under Section 5 (1) that no person can establish and/or operate a radio station in Canada except under and in accordance with a licence granted by the Minister of Transport.

Licences continue in force for a period of five years commencing on the date of issue thereof and terminating on the 31st day of March following the expiration of the five year period and may be continued in force for further periods of five years on payment of annual licence fees subject to termination by the Minister at the end of any fiscal year without notice and without payment of compensation.

The present scale of licence fees is as follows:

Category of Station	Annual Gross Revenue		Licence Fee
A	Under	\$ 25,000.....	\$ 100
B	\$ 25,000 and under	50,000.....	250
C	50,000 and under	75,000.....	500
D	75,000 and under	100,000.....	1,000
E	100,000 and under	200,000.....	1,500
F	200,000 and under	400,000.....	3,000
G	400,000 and over.....		6,000

(Gross Revenue means total revenue earned in the operation of the station, less agency commissions.)

Annual returns are made by the licensee to the Minister of Transport of the revenue, expenditure and profit of the station.

The Canadian Broadcasting Act provides under Section 22 (1) that the Minister of Transport shall, before dealing with any application for a licence to establish a new private station or for increase in power, change of channel, or change of any existing station, or making any regulations or changes in regulations governing the activities of private stations, refer such application or regulation to the CBC and the Corporation shall give public notice thereof in the Canada Gazette and shall make such recommendation to the Minister of Transport as it may deem fit; the approval of the Governor in Council shall be obtained before any licence for a new private station is issued. Section 22 (2) provides that the Corporation shall review the activities of all private stations each year and shall make such recommendations to the Minister of Transport as it may deem desirable. Section 21 gives the Corporation authority to make

regulations. The latest revision was in December 1955. These regulations apply to all stations licensed under the Radio Act and apply to all matter broadcast by such stations.

2. LICENSING OF BROADCASTING STATIONS

All applications for new licences, changes in facilities of existing stations, changes in ownership of existing stations or changes of capital stock of licensee companies must be made on prescribed forms and in a manner established by the Department of Transport.

Applicants for licences to establish television stations are given application forms only if the Department of Transport is satisfied that the application will be possible under the Government policy of issuing licences to only one television station to serve a given area. The application forms make it clear that all stations will be licensed as part of the national system and that the applicant undertakes to become a component and to carry national programme service supplied by the CBC.

Information must also be filed by each applicant with the CBC on prescribed application forms designed to bring out information with respect to programme service and estimated revenues and operating costs during the first few years. The Board of Governors of the CBC also recommends on the renewal or cancellation of licences.

Applications are reviewed as to technical aspect by a joint technical committee composed of technical officers of the CBC and the Department of Transport. Public notice of applications, on which the Board of Governors of the CBC will consider making recommendations at its next public session, is given in the Canada Gazette. Upon publication, letters are sent to the applicants by the CBC inviting them to appear at the public session in person or to forward a written submission. In addition to the public session, the Board of Governors of the CBC studies the applications in private session together with representations and information from CBC specialists.

Application by licensee companies for permission to transfer shares, to transfer control, to recapitalize and to change the name of the licensee or to form a public company, must be made to the Department of Transport. Such applications are referred to the CBC for recommendation of the Board of Governors.

3. NUMBER OF STATIONS

(a) *Radio*—At February 28, 1956 there were 167 privately-owned radio broadcasting stations in Canada, including 6 under construction and not in operation. The remaining 161 includes 156 commercial stations and 5 non-commercial stations in operation. In Part I, Section 3, the location by provinces of the 161 stations is shown.

Royal Commission on Broadcasting

For the purpose of the financial data submitted later in this section, we show a total of 153 commercial stations in operation, which includes 3 stations having the same ownership and reporting financial data to the Department of Transport as one unit and not as separate stations. Of the 153 stations, 97 are affiliated with CBC networks (Dominion 49, Trans-Canada 28, French 20).

(b) *Television* — At February 28, 1956 there were 28 privately-owned television stations in Canada (25 in operation and 3 under construction). Of the 25 stations, 22 form part of the CBC English Network and 3 part of the French Network. The number located in each province is shown in Part I, Section 3.

4. FINANCIAL INFORMATION

The Department of Transport obtained approval from the private stations to make the returns for 1955 available to the Commission on the understanding that the identity and information of individual stations would be kept confidential. A questionnaire was sent out to all private stations by the Secretary of the Commission requesting a breakdown of 1955 broadcasting revenue on the understanding that the identity and information of individual stations would be kept confidential. For the purpose of our study, we have accepted the figures obtained from these sources.

From our review of these annual returns for fiscal periods ending in 1955 and from the replies to the questionnaire sent out, we found that we could prepare a statement (a) to present the operating results on a composite basis of the privately-owned commercial radio and television broadcasting stations for 1955 and (b) the relationship of net income (before income taxes) to gross sales. It was not possible to present balance sheet figures separately for radio and television for the reason that some of the stations — operating both radio and television — do not show a segregation of the assets and liabilities as between the two; consequently, the composite balance sheet figures submitted later in this section are for radio and television combined.

5. RADIO OPERATING RESULTS — 1955

As stated previously, there were 153 privately-owned commercial radio stations in operation at February 28, 1956 (156 less 3 stations having the same ownership and reporting as one unit and not as separate stations). The composite figures submitted of Gross Sales and Net Income for fiscal periods ending in 1955 relate to the operations of 144 stations only. The difference of 9 is accounted for as follows — 5 stations whose financial statements were not available, 2 stations commenced operations late in 1955, 1 station not showing a segregation between radio and television and 1 station not showing a complete segregation of expenses as between operating (radio and television) and non-operating.

The following table shows in summarized form the composite figures of radio operating results for fiscal periods ending in 1955 of the 144 stations:

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	Number of Stations	Gross Sales	Deductions from Sales	Net Sales	Expense	Net Income (before Income Taxes)	% of Net Sales
(thousands of dollars)							
<i>Stations Operating at Profit—111 Stations</i>							
Affiliated with CBC							
Networks							
Trans-Canada	20	\$ 5,321	\$ 626	\$ 4,695	\$ 3,485	\$ 1,210	25.78
Dominion	40	11,427	1,382	10,045	7,905	2,140	21.29
French	14	1,660	219	1,441	1,207	234	16.25
Total—Affiliated with CBC Net- works	74	18,408	2,227	16,181	12,597	3,584	22.15
Non-Network Stations	37	14,897	2,467	12,430	9,261	3,169	25.49
Total	111	\$33,305	\$4,694	\$28,611	\$21,858	\$6,753	23.61
<i>Stations Operating at Loss—33 Stations</i>							
Affiliated with CBC							
Networks							
Trans-Canada	7	\$ 746	\$ 62	\$ 684	\$ 712	\$ (28)	
Dominion	7	634	45	589	666	(77)	
French	3	108	18	90	96	(6)	
Total—Affiliated with CBC Net- works	17	1,488	125	1,363	1,474	(111)	
Non-Network Stations	16	1,161	124	1,037	1,289	(252)	
Total	33	\$ 2,649	\$ 249	\$ 2,400	\$ 2,763	\$ (363)	
Total all Stations	144	\$35,954	\$4,943	\$31,011	\$24,621	\$6,390	20.60

Of the 111 stations operating at a profit, 31 showed a higher percentage of net income (before income taxes) to sales than the average of 23.61 per cent (the percentage of the two highest was 53.71 per cent and 52.67 per cent) and 80 showed a lower percentage. Of the 144 stations, 100

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showed expenditures for "artists' and other talent fees". The total for the 100 stations was \$1,797,000 which included \$937,000 billed to sponsors and \$860,000 absorbed by the stations themselves. In regard to the 44 stations which did not show any expenditure for artists' fees, it is possible that some of the stations did pay out amounts for artists' fees even though they do not show separately on the return to the Department of Transport.

The following tables show a classification by Gross Revenue and Net Income Groupings of the 144 radio stations included in our study of 1955 operating results:

		Number of Stations Reporting a	
		Profit	Loss
Gross Revenue Groupings			
Less than	\$ 100,000.....	22	25
\$ 100,000 —	200,000.....	34	7
200,000 —	300,000.....	18	1
300,000 —	400,000.....	11	—
400,000 —	500,000.....	10	—
500,000 —	750,000.....	7	—
750,000 —	1,000,000.....	6	—
1,000,000 and over.....		3	—
		111	33
Net Income Groupings (before Income Taxes)			
Less than	\$ 50,000.....	74	31
\$ 50,000 —	100,000.....	20	2
100,000 —	200,000.....	10	—
200,000 —	400,000.....	5	—
400,000 —	600,000.....	1	—
600,000 and over.....		1	—
		111	33

In reply to the questionnaire sent to all private commercial stations requesting a breakdown of 1955 Radio Broadcasting Revenue, details were received from 109 stations; 88 were able to furnish complete information; 21 were able to give partial information only for the reason that their accounting records were not maintained showing a segregation of revenue between time

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charges and spot announcements. The following table shows a breakdown of the information received:

	Stations Affiliated with CBC Network	Non-Network Stations	Combined
(thousands of dollars)			
<i>Stations Reporting a Full Breakdown of Revenue</i>			
Number of Stations.....	56	32	88
Time Charges—			
CBC Network.....	\$ 474	\$ 55	\$ 529
Other Networks.....	149	67	216
National Advertisers—non-network programmes.....	2,377	1,466	3,843
Local Advertisers.....	3,444	1,787	5,231
Total.....	6,444	3,375	9,819
Spot Announcements—			
National Advertisers.....	3,602	2,594	6,196
Local Advertisers.....	4,644	2,878	7,522
Total.....	8,246	5,472	13,718
Production Charges.....	535	654	1,189
Miscellaneous Revenue.....	120	500	620
Total.....	\$15,345	\$10,001	\$25,346
<i>Stations Reporting Partial Breakdown of Revenue</i>			
Number of Stations.....	16	5	21
Time Charges including Spot Announcements—			
CBC Networks.....	\$ 91	—	\$ 91
Other Networks.....	—	—	—
National Advertisers.....	1,067	\$ 1,283	2,350
Local Advertisers.....	1,556	992	2,548
Total.....	2,714	2,275	4,989
Production Charges.....	52	56	108
Miscellaneous Revenue.....	6	—	6
Total.....	\$ 2,772	\$ 2,331	\$ 5,103

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6. TELEVISION OPERATING RESULTS — 1955

As stated previously, there were 25 privately-owned television broadcasting stations in operation at February 28, 1956. Fourteen stations operated for a full year, 5 stations commenced operations during 1955 and did not operate for a full year, 5 stations commenced operations in the fall of 1955 and ended their first fiscal year in 1956, and 1 station did not show a segregation of operating results as between radio and television; as a consequence, the figures of operating results submitted herein relate to 14 stations only.

The following table shows in summarized form the composite figures of operating results for fiscal periods ending in 1955 of the 14 stations.

	Number of Stations Reporting a		
	Profit 9	Loss 5	Combined 14
(thousands of dollars)			
Gross Sales.....	\$4,495	\$2,370	\$6,865
Deductions from Sales.....	705	119	824
Net Sales.....	3,790	2,251	6,041
Expenses.....	3,328	2,602	5,840
Net Income—before Income Taxes.....	\$ 552	\$ (351)	\$ 201
Net Income as a percentage of Net Sales.....	14.56%		3.32%

The figures of the individual stations operating at a profit indicate that 4 stations showed a higher percentage of net income (before income taxes) to net sales than the average of 14.56 per cent for the 9 stations, the 2 highest were 48.38 per cent and 38.67 per cent, and 5 showed a lower percentage.

Of the returns of 19 stations reviewed, 12 stations showed expenditures for "artists' and other talent fees". The total for the 12 was \$220,000, which included \$106,000 billed to sponsors and \$114,000 absorbed by the stations themselves. In regard to the 7 stations which did not show any such expenditures, it is possible that some of the stations did pay out amounts for artists' fees even though they do not show separately on the return to the Department of Transport.

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The following tables show a classification by Gross Revenue and Net Income Groupings of the 14 television stations included in our study of 1955 operating results:

		Number of Stations Reporting a	
		Profit	Loss
Gross Revenue Groupings			
Less than	\$ 100,000.....	—	—
\$ 100,000 —	200,000.....	1	1
200,000 —	300,000.....	1	1
300,000 —	400,000.....	2	1
400,000 —	500,000.....	2	—
500,000 —	750,000.....	2	1
750,000 —	1,000,000.....	—	—
1,000,000 and over.....		1	1
		9	5
Net Income Groupings (before Income Taxes)			
Less than	\$ 50,000.....	4	1
\$ 50,000 —	100,000.....	2	2
100,000 —	150,000.....	3	2
		9	5

The following table shows a breakdown of Television Broadcasting Revenue for 1955 of the 14 stations that operated for the full year:

	(thousands of dollars)
Time Charges	
CBC.....	\$1,328
National Advertisers.....	1,249
Local Advertisers.....	842
	3,419 (A)
Spot Announcements	
National Advertisers.....	2,120
Local Advertisers.....	961
	3,081
Production Charges.....	316
Miscellaneous Revenue.....	49
	\$6,865

(A) Includes Spot Announcements of 2 stations where no segregation available as between Time Charges and Spot Announcements.

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7. BALANCE SHEETS

We reviewed all available balance sheets for fiscal periods ending in 1955 of privately-owned radio and television stations filed with the Department of Transport.

The figures submitted hereunder show figures for 155 stations (radio and television) out of a total of 178 stations (153 radio and 25 television) in operation at February 28, 1956. The difference of 23 is accounted for as follows:

Companies where radio and television stations are operated as departments of a main business and whose financial statements do not show figures for radio and television separately.....	11
Stations whose first fiscal period ended after December 31, 1955.....	7
Stations whose financial statements were not available....	5
	<hr/> 23 <hr/>

From our review, we found it was not possible to present figures separately for radio and television for the reason that some of the stations — operating both radio and television — do not show a segregation of the assets and liabilities as between the two. The following table shows the composite figures — radio and television combined — for 155 stations:

	(thousands of dollars)
Working Capital.....	\$ 4,127
Fixed Assets:	
Gross Book Value.....	\$30,150
Accumulated Depreciation.....	12,223
	<hr/> 17,927
Goodwill and other Intangibles.....	4,557
Other Assets.....	3,184
	<hr/> 29,795
Total Assets.....	29,795
Long-Term Debt.....	7,675
	<hr/> 22,120
Net Worth—Shareholders' Equity.....	\$22,120
	<hr/>
Representing the stated value of preferred and common stocks outstanding plus earned surplus and other surplus reserves—	
Capital Stock.....	\$ 9,225
Earned Surplus.....	12,167
Surplus Reserves.....	728
	<hr/> \$22,120 <hr/>

PART IV

COMMENTS AND SUGGESTIONS

We submit our comments and suggestions in two sections:

1. For consideration of the Commission
2. For consideration of Management of the Canadian Broadcasting Corporation.

The comments which follow should be regarded, with respect to some of the matters, as brief summaries of fuller information contained elsewhere in the report.

Some of the comments and suggestions under the first heading "For consideration of the Commission" include items relating to organization and finance, which could also have been included under the second heading but, for convenience, are shown under the first heading only.

1. FOR CONSIDERATION OF THE COMMISSION

1. ESTIMATED CASH REQUIREMENTS 1958-1963

In the past the broadcasting services, including capital expenditure, have been financed from four main sources, (a) radio receiving set licence fees (dropped in 1953), (b) broadcasting licence fees — private stations, (c) Government grants and (d) Government loans.

We suggest that consideration be given to the advisability of changing the method of financing CBC. There are a number of reasons for this suggestion. For example:

- (i) The CBC does not know far enough in advance how much it will have available to provide the service which it considers desirable. It prepares estimates in January of each year of its estimated net operating and capital requirements for the following year from which is deducted estimated grants equal to the excise taxes and then applies, through the Treasury Board, for a grant or a loan or a combination of the two to meet the deficiency.
- (ii) There is no direct relationship between the excise taxes on the sale of radio and television receivers and the cost of service provided by the CBC.
- (iii) As the CBC is not self-sustaining, public funds have to be provided to the Corporation to the extent of the difference between commercial revenues and the amount necessary to carry on operations and the amount required for capital expenditures. We can see no good reason for financing the CBC by means of Government loans. If provided by way of loans, the CBC will not in the foreseeable future be able to meet payments of interest or principal except through additional loans or grants.

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We believe that the work of the CBC should be regarded as among the most important of the national services.

We suggest that funds provided by the Government should be for both services combined. It seems reasonable to suggest that, according to the judgment of the Corporation, money should be allocated in amounts that it deems advisable in carrying on its separate activities. However, in suggesting this availability of its income for any of the Corporation's purposes, television should not be allowed to develop at the expense of the radio service.

We suggest that separate accounts should continue to be kept for television and radio in order that information will be available as to the disposition as between the separate services of the funds received.

The broadcasting services provided by the CBC require planning well in advance. The lack of providing funds in the past to meet this forward planning has resulted in the operations being carried on in fifteen locations in Montreal and sixteen locations in Toronto. As a result of our study we suggest it is important that the CBC should be able to plan its expenditures over a period of years without being dependent on uncertain annual grants and without danger of changes at insufficient notice. We suggest that the CBC should know for five years in advance, with some reasonable degree of assurance, what funds it will have available for operations and capital and that any change proposed by the Government should be effective after reasonable advance notice. This would place CBC in the position of knowing the amount it could spend and it would then have to live and operate within that amount.

We have not made a study or attempted to relate the annual increase in the rate of expenditure to factors which vary with the growth and development of Canada, such as sales tax revenue, gross national product factors and personal income. Obviously if a formula could be found which would give CBC in advance some degree of assurance of available cash over a period of years, it would be desirable and would be helpful to the Corporation in the planning of its operations in the future.

We have endeavoured to set out a picture of the estimated cash requirements of the CBC for the six years 1958-1963. We suggest that the CBC should keep its forecasts up from year to year for a period of five years in advance. In any event, plans should be made by 1962 of CBC estimated cash requirements after 1963 (the last year covered by the forecasts in this report).

In conjunction with CBC, forecasts of cash requirements, including capital expenditure, were prepared for the six years 1958-1963 covering television and radio separately.

In our opinion, these forecasts, based on the assumptions referred to in Part II of this report, fairly present the estimated cash requirements of the CBC.

These estimates are in effect a Six Year Finance Plan for the years 1958-1963. The figures do not include (1) any amount for Government grants or

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income from private station licence fees or (2) any provision for interest on or repayment of Government loans or for depreciation and obsolescence. The following tables show in summarized form the estimated requirements:

	1958	1959	1960	1961	1962	1963
(thousands of dollars)						
Estimated Operating Cash Requirements						
<i>Television</i>						
Gross Expenditure.....	\$47,850	\$55,828	\$62,386	\$70,209	\$76,461	\$83,480
Commercial Revenue (net)	17,127	19,658	21,120	23,466	24,712	26,090
Net Expenditure.....	30,723	36,170	41,266	46,743	51,749	57,390
<i>Radio</i>						
Gross Expenditure.....	14,760	15,360	15,976	16,739	17,363	18,079
Commercial Revenue (net)..	1,245	1,400	1,480	1,640	1,600	1,560
Net Expenditure.....	13,515	13,960	14,496	15,099	15,763	16,519
<i>Television and Radio Combined</i>						
Gross Expenditure.....	62,610	71,188	78,362	86,948	93,824	101,559
Commercial Revenue (net)..	18,372	21,058	22,600	25,106	26,312	27,650
Net Expenditure.....	44,238	50,130	55,762	61,842	67,512	73,909
Estimated Capital Cash Requirements						
<i>Television</i>	7,888	11,375	10,612	20,638	27,165	21,085
<i>Radio</i>	2,695	2,982	2,568	2,568	2,468	2,818
Combined.....	10,583	14,357	13,180	23,206	29,633	23,903
Operating and Capital Combined						
<i>Television</i>	38,611	47,545	51,878	67,381	78,914	78,475
<i>Radio</i>	16,210	16,942	17,064	17,667	18,231	19,337
Total.....	\$54,821	\$64,487	\$68,942	\$85,048	\$97,145	\$97,812

NOTE: The estimated cost of completing projects anticipated to be in progress at the end of 1963 amounts to \$22,616,000.

The forecast of net operating expenditure for the television service shows an estimated increase of \$26,667,000 in the net spending rate in 1963 (\$57,390,000) as compared with 1958 (\$30,723,000). This increase includes provision for three major expansions and developments during the years 1959-1963 for (a) expansion of hours of operation, (b) introduction of colour and (c) extension of coverage. The estimated annual impact of these three factors in 1959 is \$3,085,000; in 1960 is \$6,935,000; in 1961 is \$11,481,000; in 1962 is \$14,983,000 and by 1963 the annual impact is \$18,739,000.

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The forecasts for television and radio combined indicate that the overall estimated operating requirements (including contemplated expansion of the television service starting in 1959 as referred to in the preceding paragraph) will increase from \$44,238,000 for 1958 to \$73,909,000 for 1963.

To produce the total cash requirements for the five year period 1959-1963 a percentage of 11.376 per cent would have to be added annually, on a cumulative basis, to the cash requirements for 1958 (\$44,238,000) and each of the next four years. A comparison of the figures compiled on this basis with the figures shown by the forecasts is as follows:

Year	Estimated Cash Requirements as per Forecasts			Computations Based on 11.376% Rate of Increase
	Previous Year	Increase for Year	Total for Year	
(thousands of dollars)				
1959.....	\$44,238	\$5,892	\$ 50,130	\$ 49,270
1960.....	50,130	5,632	55,762	54,876
1961.....	55,762	6,080	61,842	61,119
1962.....	61,842	5,670	67,512	68,073
1963.....	67,512	6,397	73,909	75,817
			\$309,155	\$309,155

If the annual impact of \$18,739,000 by 1963 for the three major expansion developments in the television service, as referred to above, is excluded, the net operating requirements in 1963 for television and radio combined would be \$55,170,000 as compared with \$44,238,000 in 1958.

To produce the total cash requirements for the five year period 1959-1963, excluding provision for the estimated net cost of the three television major expansion factors, a percentage of 4.637 per cent would have to be added annually, on a cumulative basis, to the cash requirements for 1958 (\$44,238,000) and each of the next four years. A comparison of the figures compiled on this basis with the figures shown by the forecasts is as follows:

Year	Estimated Cash Requirements as per Forecasts			Computations Based on 4.637% Rate of Increase
	Previous Year	Increase for Year	Total for Year	
(thousands of dollars)				
1959.....	\$44,238	\$2,807	\$47,045	\$ 46,290
1960.....	47,045	1,782	48,827	48,436
1961.....	48,827	1,534	50,361	50,682
1962.....	50,361	2,168	52,529	53,032
1963.....	52,529	2,641	55,170	55,492
			\$253,932	\$253,932

The forecast of capital expenditure has been based on the requirement of providing adequate production and distribution facilities to improve the present service and to meet the demand created by the contemplated expansion of the service as referred to in Part II of this report.

2. SUGGESTED CAPITAL STRUCTURE

CBC is a Crown corporation without any invested capital. It has been financed, since inception in 1936, in part by Government loans. As at March 31, 1957 loans repayable to the Government will amount to \$27,286,000. As it seems unlikely that CBC will ever be a self-sustaining organization — its commercial revenues will not be sufficient to cover its operating expenditures — the present Government loans cannot be repaid, certainly not in the foreseeable future. Accordingly, we suggest for consideration:

- (a) That the working capital, including engineering supplies, estimated at \$15,475,000 at March 31, 1957 (which we consider to be in excess of the Corporation's working needs) be reduced by \$9,475,000 by the payment of a like amount to the Government.
- (b) That the Government loans outstanding of \$27,286,000, less the repayment of \$9,475,000 referred to in paragraph (a) above, be extinguished by the Government (1) accepting common shares of \$100 par value each to the extent of \$6,000,000, being the estimated working capital requirements of the CBC and (2) by cancelling the balance of \$11,811,000 which would be credited to the surplus account of the Corporation.
- (c) That the working capital requirements, including engineering supplies, be established at \$6,000,000.
- (d) That the annual balance sheet of the Corporation be divided into Revenue and Capital sections.
- (e) That if the above suggested capital structure be adopted, the actual figures as of the date when it is to become effective be used. For purposes of illustration we have used estimated figures as at March 31, 1957.
- (f) That the present surplus accounts of the CBC be combined and to which would be added the surplus of \$11,811,000 arising from the suggested cancellation by the Government of loans. Thereafter the account should be designated "Surplus arising from contribution of funds for purchase of capital assets by Government of Canada". All future grants by the Government for capital expansion and development would be credited to this account and future provisions for depreciation and obsolescence and amortization of leasehold improvements would be charged thereto. Thus at any time the balance of this account will be offset by the depreciated value of the capital assets of the Corporation and unamortized balance of leasehold improvements. Depreciation would not be included in the monthly statements, except as a memorandum for purposes of determining departmental costs. Appropriate reference by way of a footnote would be made on the annual financial statements as to how depreciation has been handled in the accounts.

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Assuming the suggestions outlined above are adopted, the estimated balance sheet position of the CBC as at March 31, 1957, before and pro-forma after giving effect to the suggestions, in summarized form would be as follows:

	Before Adjustments	Adjustments Debit	(Credit)	Pro-forma after Adjustments
(thousands of dollars)				
REVENUE SECTION				
<i>Assets</i>				
Cash and Government of		Repayment of		
Canada Bonds.....	\$12,442	Government loans (\$9,475)		\$2,967
Other current assets.....	7,792			7,792
Engineering and other				
supplies.....	1,668			1,668
	<u>21,902</u>			<u>12,427</u>
Less: Current liabilities.....	6,427			6,427
Working capital.....	<u>15,475</u>			<u>\$ 6,000</u>
<i>Liabilities</i>				
Capital Stock.....		Issue of shares.....	(\$6,000)	\$ 6,000
CAPITAL SECTION				
<i>Assets</i>				
Capital Assets.....	\$32,339			\$32,339
Less: Accumulated				
Depreciation.....	9,267			9,267
	<u>23,072</u>			<u>23,072</u>
Leasehold Improvements (net)	600			600
	<u>23,672</u>			<u>\$23,672</u>
<i>Liabilities</i>				
Government of Canada loans	27,286	Repayment in cash....	\$ 9,475	
		Common stock.....	6,000	
		Cancelled.....	11,811	
			<u>\$27,286</u>	
Surplus.....	11,861	Arising from		
		cancellation		
		of loans.....	(\$11,811)	\$23,672

3. ORGANIZATIONAL STRUCTURE

The organizational structure designed to carry out the functions of CBC is comprised of the Chairman of the Board of Governors (full time), the General Manager as the chief executive officer, National Management, National Functional Divisions and Regional Management. National Functional Division heads act as advisors to Management. Regional Directors are located at the headquarters of each of the six regions and report to National Management. The Directors supervise and co-ordinate the operations of the stations in their respective areas.

We have no adverse comments to make on the Corporation's organizational set up. The geographical grouping of stations under Regional Directors with general supervisory control exercised by National Management appears to be reasonable and to serve a useful purpose.

Organizational changes might prove desirable in view of the concept that station operations should be considered separately from network operations. We have not made a study of organizational changes that will probably prove desirable if this change in method of operation should take place. We suggest that this is a matter that should be studied and considered by Management. The General Manager said that any such change would have to be made gradually and that some problems might be encountered in finding the right men for the various positions.

The size of the present organization resulting from the rapid expansion in the past and the anticipated further expansion suggests that the Corporation should at periodic intervals examine their organization, including an appraisal of key personnel at headquarters and in the field.

4. EXECUTIVE AND MANAGEMENT

The Board of Governors decide upon major matters of policy but the execution of that policy is left to the Chairman and the General Manager. Mr. A. D. Dunton, the Chairman of the Board, was appointed to the position in 1945. Mr. J. A. Ouimet, the present General Manager, an engineer by profession, was appointed to the position in 1953. Our impression is that these two executive officers work very closely together and that both are extremely capable and conscientious.

The General Manager appears to be completely familiar with the operations of the Corporation and to have a good grasp of his administrative responsibilities. It is apparent that he is conscious of the fact that in order for the CBC to carry out its functions successfully, Management must constantly review methods of operation and be alert to changes that should be made. From observation, we are of the opinion that the General Manager is overworked. The organizational structure suggests that provision has been made for powers and authority to be delegated which should provide for key personnel assuming responsibility and exercising initiative. It is difficult to tell to what extent this has been done.

While the General Manager is conscious of the importance and necessity of grooming successors to each executive position, it does not appear as though any set plan is being followed. Undoubtedly this lack of planning in the last few years has been due to the pressure of work of all personnel as a result

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of the rapid expansion of the Corporation since the advent of television with its attendant problems.

We understand that most of the persons occupying key positions in National and Regional Management have been with the Corporation for many years; a number were in these positions prior to the appointment of Mr. Ouimet as General Manager.

We suggest that the position of Financial Executive be created as part of the management team of the Corporation. This person should perform the function of co-relating all of the financial activities of the Corporation. At the present time no one in the Corporation appears to be acting in such a capacity and, because of this, it seems to us that the General Manager has assumed an added burden.

We suggest that consideration be given to the question of remuneration paid to the top two executives of the Corporation with the view to making it more comparable with that paid by private employers for similar positions and responsibilities. We also suggest that consideration be given to the question of salaries of other important personnel. We think there is the likelihood that the range of salaries presently paid to the top two executives has a bearing on the range of salaries paid to individuals occupying responsible positions in the Corporation. It is possible that the present range of salaries paid to persons in key positions has made it difficult to retain the services of some valuable and important people and also made it difficult to recruit experienced replacements or persons for important positions.

We further suggest that a plan should be inaugurated for the training and grooming of successors to each executive position.

5. MANAGEMENT CONTROL

Management control appears to be exercised, to some extent, by regular visits of key personnel to regional and local offices and by many meetings at headquarters and in the field. Minutes of such meetings indicate that pertinent and important matters are considered and discussed. From observation during our study, it appears that considerable time of key personnel is taken up with attendance at meetings. Whether so many meetings are necessary is a matter which the Management should consider.

6. LEGISLATION AND GOVERNMENT CONTROL

Relative to the consideration by the Commission of the legislation which affects the CBC, we draw attention to Section 10 of the Canadian Broadcasting Act which has a direct bearing on the financial operations of the Corporation. Under this section the Corporation must obtain approval by the Governor in Council before entering into any agreement involving an expenditure in excess of \$25,000. There are numerous transactions involving commitments of \$25,000 or more, all of which must be reviewed by the Treasury Board before being considered by the Governor in Council. The CBC states that the obtaining of approval for many of these, which arise from the usual operations of the Corporation, often involves considerable delay and lengthy explanations.

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The figure of \$25,000 was set in 1951. In view of the cost increases which have taken place since then and in view of the high cost of television equipment, probably not contemplated at that time, we suggest that consideration be given to either eliminating this section or substantially increasing the figure of \$25,000.

7. LICENCE FEES — PRIVATE BROADCASTING STATIONS

The present scale of fees based on Part I of the General Radio Regulations fixed by the Governor in Council under authority of Section 3 of the Radio Act is as follows:

Category of Station	Annual Gross Revenue		Licence Fee
A	Under	\$ 25,000.....	\$ 100
B	\$ 25,000 and under	50,000.....	250
C	50,000 and under	75,000.....	500
D	75,000 and under	100,000.....	1,000
E	100,000 and under	200,000.....	1,500
F	200,000 and under	400,000.....	3,000
G	400,000 and over.....		6,000

Gross revenue means the total revenue earned by the licensee in the operation of the station less agency commissions.

It occurs to us that the scale of annual fees presently in use is not equitable as between stations. For example, a station having gross revenue of \$1,500,000 pays a fee of \$6,000 (.4 per cent) which is the same amount as payable by a station with gross revenue of \$400,000 (1½ per cent). Another apparent inequity in the scale arises when gross revenue is slightly in excess of the top amount in a particular category. For example, a station with gross revenue of \$399,000 pays a fee of \$3,000, or .7½ per cent, whereas if the gross revenue is \$400,000, the fee is \$6,000, or 1½ per cent.

We suggest that consideration might be given to the whole question of licence fees payable by privately-owned broadcasting stations.

8. ACCOUNTS

CBC has encountered many problems relating to accounting matters and the financial administration of the Corporation by the Treasurer's Division. We believe that these problems can be attributed largely to (a) the rapid growth of the Corporation since the advent of television in Canada some four years ago with the resulting increases in the demand for information and in the accumulation of financial data for periodic reporting and (b) lack of proper planning by the Treasurer's Division to cope with the increased work load.

Management has been aware of the situation and appreciated that the financial side of the organization needed strengthening and that improvements should be made in the accounting system and financial control. The services of outside independent experts were enlisted about two years ago to advise on specific accounting problems; the work was interrupted to some extent during

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the last year owing to demands on the Corporation for financial data for the Commission. Recently the advisors recommenced and are presently continuing their study. As a further step, Management recently made a change in the active top level direction of the Treasurer's Division. In our comments on the accounting system we have suggested that consideration be given to treating each of the CBC television and radio networks as a unit separate and distinct from operations of the individual stations. We appreciate the fact that because of the number of networks and stations it operates, this will create some accounting problems even though costs applicable to more than one unit are allocated on a fairly arbitrary basis. Nevertheless, we suggest that the feasibility of making this segregation should be given careful consideration because of the useful information it would provide to Management. Reference should be made to Part IV, section 2 for fuller details regarding the accounts.

9. INTEGRATED SERVICES

Many of the operations of the Corporation relate to more than one of the operating services, i.e., television, radio and International. These common services are referred to as integrated services and in the books of account are included with the radio service and an allocation is made to the other operating services on the basis of work load.

We suggest that integrated services' costs be divorced completely from the radio service and that a separate unit be established in which costs attributable to more than one service be accumulated. We also suggest that a study be made with the view to finding a simpler method of allocating such costs between each of the services.

10. STAFF

There were 5,022 persons on the staff of the CBC at the end of 1956, of which over 1,000 were engaged in Regional and National Production Supervision and Administration. The General Manager considers that his supervisory staff is overworked at the present time. There were only 1,947 staff members at the end of 1953; the total has grown by about 1,000 a year since then, principally as a result of the growth of the television service.

On the basis of projected developments in the television service, a rough estimate indicates that the total staff of the CBC will amount to some 7,300 persons by 1963.

In view of the large increase in staff since the advent of television some four years ago, and the expected further increase resulting from contemplated expansion of services during the next six years, we suggest that the Corporation constantly review and pay special attention to the question of staff requirements. In this regard consideration might be given to the setting up of a small standing committee composed of key operating and administrative personnel in the Corporation to regularly review and study the question of staff requirements and report to Management.

11. PROGRAMME PRODUCTION

While most CBC television programmes originate in Toronto or Montreal, it is the practice to produce a limited number at other stations. It is understood that the practice of producing programmes at other stations is to be extended somewhat. We suggest that consideration be given as to whether it would be practical and more economical to concentrate network productions at Montreal and Toronto.

12. COMMERCIAL BROADCASTING

We understand that the CBC has never issued for general distribution any printed matter as to the Corporation's "Commercial Television Policy".

We suggest that consideration be given to making available in printed form to advertisers and agencies and prospective sponsors those policy statements which might affect them.

The policy of the CBC in the case of radio is not to carry local commercial advertising business except for one or two stations operated in areas where there are no private stations. We suggest that consideration be given to the advisability or otherwise of continuing this policy.

13. EXPORT OF FILMS

As provision has been made in the forecasts for estimated expenditure in connection with the production of feature films dealing with Canadian topics prepared specially for television, we suggest that consideration be given to the possibility of increasing the revenue of the CBC by the export of such films.

14. COMPILATION OF BUDGETS IN PAST

The main guiding factor in the preparation of the budget each year as to the overall spending rate for television operations in the following year seems to have been a scale of expenditure of \$15.00 per television home per year. The radio budgets are prepared in considerable detail but the yardstick or scale as to the overall spending rate for radio operations in the following year seems to have been a scale of expenditure of \$4.00 per home or \$1.00 per capita of population per year.

We suggest that each television, radio and integrated unit be required to submit annually for the consideration of Management a budget based on an estimate of the actual cost of operating that unit for the following year having regard to the policies prescribed by Management as to the service to be provided; that the estimates be submitted in a uniform way with supporting details; that the budget allocations to each television unit be fixed amounts no longer "to be supplemented by the estimate of commercial revenue that the unit might earn"; that the estimates of commercial income be made on a realistic basis and provide a target for the Commercial Division to attain.

15. INTERNATIONAL SERVICE AND NORTHERN TERRITORIES

We have not made any comment on the capital and operating costs of the International Shortwave Service; presumably these will continue to be covered by separate Government appropriations, nor do the figures set out in

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this report include any provision for radio service to the Northern territories (Yukon and the Districts of Mackenzie and Keewatin), for which the CBC estimates that capital costs of \$2,500,000 and annual operating costs of \$450,000 would be involved to provide a reasonable service.

2. FOR CONSIDERATION OF MANAGEMENT OF THE CANADIAN BROADCASTING CORPORATION

1. GENERAL COMMENTS ON THE ACCOUNTING SYSTEM AND THE OPERATIONS OF THE TREASURER'S DIVISION

In our study of the finances and operating results of the CBC, we made considerable reference to the accounts maintained by the Treasurer's Division of the Corporation at Head Office in Ottawa. Our review also involved many discussions of the accounting methods and the financial administration of the CBC in order to obtain the information required and an understanding of the operating results.

We found that the accounts follow generally accepted accounting principles and that in many respects the system is good. There is some unnecessary duplication and some of the records appear to be too detailed. Completion of the monthly statements was considerably behind at times so that monthly statements of operating results were late in being presented to Management and as a consequence, their effectiveness as a means of providing financial control by a comparison of achievement with budgets was greatly reduced. As a rule, the monthly statements presented to Management were not accompanied by explanatory notes of over-expenditures or unusual items. The basis of recording transfers from one budget unit to another was not up to date and consequently, some of the monthly statements presented results which were not correct. Much of the information we required was not readily available and it had to be obtained by means of analysis of the records.

Our impression on visiting the Treasury Office in Montreal was that the staff was well organized and supervised. We gained a different impression in Toronto, where we experienced considerable difficulty in obtaining information we required.

For some time during the last year or two, network billings to sponsors from the Commercial Billing Department in Toronto were delayed for an abnormal time. It was explained that this situation had occurred as a result of the rapid growth in television broadcasting but that it had now been corrected.

There are approximately 450 persons on the staff of the Treasurer's Division, which compares with fewer than 100 in 1951.

We found that senior personnel in this division in Ottawa seemed to be constantly tied up in meetings. Only the Assistant Treasurer has overall knowledge of the accounts and finances of the Corporation, each of the senior assistants is familiar with his own particular section. Even the Assistant Treasurer is not conversant with many of the details of the accounts kept at the local offices; it is apparent that he has not been able to visit the field offices very frequently.

A considerable amount of overtime work is being done in each of the three offices we visited. Its regularity tends to create dissatisfaction and a deterioration of staff morale and performance.

Some steps have been taken to strengthen the Treasurer's Division staff by the employment of additional personnel and the commencement of a training programme in August 1956. Improvements in the accounting are being made in collaboration with outside advisors.

We appreciate that the financial and accounting problems of the Corporation are complicated because of the varied operations and because of the large number of locations where these operations are conducted.

We believe that the weaknesses in the maintaining of the accounts can be attributed in part to four main factors; (i) the rapid growth of the Corporation since the advent of television in Canada some four years ago with resulting increases in the demand for information and in the accumulation of financial data for periodic reporting, (ii) the lack of experienced personnel to cope with the additional volume of work and complicated accounting problems resulting in continuous overtime work on the part of some of the staff, (iii) turnover of personnel in the Head Office of the Treasurer's Division as a result of senior staff being sent to the field offices following an extension in the decentralization of accounting control and (iv) sickness of some key personnel extending over a long period.

We suggest that the organization of the Treasurer's Division be improved and that a greater degree of responsibility be delegated. Our impression is that there are persons on the staff capable of assuming additional responsibilities.

2. ACCOUNTING SYSTEM

(i) *Records*

The Corporation maintains two sets of accounts, the general accounting records in Ottawa and those from which the budget reports on operations are prepared in the field.

During the year, expenses are recorded in the general books of account as payments are made and accounts payable are set up at the year end so that for the year the accounts are on an accrual basis. To prepare monthly statements from the general books of account would be almost meaningless because the general accounts are kept on a cash basis except at the year end.

Monthly statements of operations (budget reports) are prepared from the records maintained on a commitment basis; that is to say, the charge for goods or a service is recorded as the commitment is made. Under this system, purchases are recorded when purchase orders are issued rather than waiting until the invoices have been received.

Different codes of account are used for the two sets of records; that is to say, one for the general accounting records and one for the records (budget) kept on the commitment basis. For general accounting purposes, expenditures are coded to show (a) the location where the expenditure was incurred (this information would not seem to be of any particular value); and (b) the functional division — programmes, engineering, etc., (this information is kept in order to produce the classification of expenses shown on the annual statements — it does not seem to serve any other useful purpose). We believe it is more important to know to what station or unit the expenditure relates and the department affected — such information is shown by the records maintained on the commitment basis.

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We suggest that the accounting system be revised so as to provide that the Head Office recording be on the basis of local office totals which would eliminate the separate coding and much of the detailed recording and classification presently required. Each local office should have a departmental ledger providing departmental and object classification of expenditures; abstracts of these ledgers would be summarized at Head Office from monthly reports of the local offices. In this way the detail accounts will be kept at the local offices with controlling accounts at Head Office.

A substantial amount of clerical effort is involved in the recording and following up of commitments, much more than would be involved in the recording of expenditures on the accrual basis. At the present time steps are being taken to strengthen the field accounting staff, to be followed by decentralization of some of the control procedures of the Treasurer's Division in Ottawa. Once these steps have been taken and with the improvement in accounting procedures whereby accounts are being processed more quickly than they were, the question arises as to whether the commitment basis of recording, with its attendant duplication, will be as important as it was when the system was installed. We suggest that a study be made with a view to discontinuing, if deemed advisable, the commitment system. A proper record of long term commitments should be kept.

We suggest that the accounting system be revised so as to show separately network and station operations, and that expenditure for network and station operations include as direct expense all expenditures at the local level.

(ii) Integrated Services

Many of the operations of the Corporation relate to more than one of the operating services, i.e., television, radio and International. These common services are referred to as integrated services and in the books of account the costs are included with the radio service. Each month the costs of the integrated services are allocated to the operating services on the basis of the work load. This is an extremely complicated procedure involving the allocation of costs in considerable detail of some integrated units to other integrated units and then to operating units. We doubt whether the value of the operation justifies the time involved because at best some arbitrary assumptions and allocations must of necessity be made.

We suggest that integrated service costs be divorced completely from the radio service and that a separate unit be established in which costs attributable to more than one service be accumulated. We also suggest that a study be made with the view to finding a simpler method of allocating such costs between each of the services.

We suggest that the expenditure at the local level be allocated to and treated as direct expense of the network and/or station concerned. We suggest that expenditures above the local or network level, such as Regional and National Production Supervision and Administration be allocated between television and radio, and between network and station operations in total, but that these expenses should not be allocated to individual stations.

(iii) Approval and Payment of Accounts

All purchase requisitions in excess of \$200 are forwarded via Regional Office to Head Office for approval. These requisitions in many instances are of

a recurring type. It appears to us that the \$200 limit is too low; it results in a lot of extra handling of documents and possibly even in delays in the obtaining of supplies.

We suggest that consideration be given to raising the \$200 limit so that regional officials could approve requisitions up to such higher amount as Management might consider proper and reasonable.

Invoices covering expenditures for network commercial programmes are all referred to the Commercial Manager in Toronto for approval. These include invoices originating in Montreal. Because the purchase requisitions to which these invoices relate have already received appropriate approval, the Commercial Manager considers his approval of the invoices to be unnecessary duplication of work.

We suggest that consideration be given to the discontinuance of this approval by the Commercial Manager.

With the exception of petty cash and artists' fees, all payments are made from Head Office which also collects the income.

We suggest that consideration be given to (1) having payments made by the local offices and (2) having the local offices collect their own revenue. The banking could be handled through imprest accounts. This should expedite the payment of accounts and eliminate some duplicate handling of documents. Such a decentralization would necessitate a revision of the duties of the Internal Audit Department to include periodic examinations of records kept at the field offices and reporting thereon direct to a financial executive.

(iv) Inter-unit Billing Rates

It often happens that one unit of the Corporation performs a service for another unit and the billings are at predetermined rates. We found that the rates charged by station CBLT for kinerecordings exceeded cost and that the rates charged by the Corporation's National Television Film Service for procurement were below cost, which had the effect of distorting the monthly statements. The Corporation is presently making a study of the inter-unit billing rates.

We suggest that on completion of the Corporation's study the necessary revisions be made and that studies be made more frequently than they have been in the past.

(v) Manual of Procedures

A Manual of Procedures for the Treasury Division is in course of preparation, its object being to co-ordinate and bring up to date existing directives.

We suggest that the Manual be completed and put into use as soon as possible. It should help to place the recording in the various locations on a uniform basis and to guide the accountants in the carrying out of their work.

3. PROGRAMME COSTS

The Corporation computes the costs of individual television programmes and series of programmes. No attempt is made to cost individual radio programmes and we question whether this would be necessary, particularly as there are comparatively few radio programmes sponsored at present.

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The following comments refer to the costing of television programmes.

The programme cost records do not form an integral part of the Corporation's accounting system. Our review of the Toronto programme costs indicated an understatement because of the method used in computing the allocation of certain indirect costs. We found that comparisons of the totals of the weekly cost reports with the monthly statements were not being made often enough. The accurate determination of programme costs is important because the Corporation's system of financial control depends in part on it and because, to some extent at least, the prices at which programmes are sold are related to their cost.

Billing rates for design and staging services were fixed in 1952 and have not been changed since. Some of them are substantially below cost and, as a result, sponsors are being undercharged for live commercial messages produced by CBC. This would not affect charges to sponsors for the entertainment part of programmes because most of these are sold for a fixed package price. We understand that the departmental cost rates are in process of being reviewed.

It was pointed out to us that in some cases the charges to sponsors for commercial messages produced by the CBC differed materially from the estimates. It was suggested that a firm price be negotiated for commercials to avoid the billings for extra charges which have to be made on many occasions. While there is no reason why the cost estimates should not be reasonably accurate, subject of course to changes in the programme, consideration should be given to this suggestion.

The relationship between the operating accounts and the individual programme costs is being studied by the CBC at the present time as are the cost rates in use. We suggest that this study be continued and that the system be changed so that the cost records form an integral part of the accounting system.

We suggest that the practice of including as part of the cost of each programme a percentage to cover Regional and National Production Supervision and Administration be discontinued. We are not suggesting that this is not a legitimate component of cost but it is something over which the producer has no control and there is quite a lot of work involved in making all the computations. This overhead could be taken into consideration by adding a pre-determined percentage when the selling price of a programme is being set; also the factor for depreciation should be taken into consideration and a pre-determined percentage added.

The programme cost reports should be available promptly. During the course of our visit to the CBC office in Toronto, we were told that the reports were not received by the Director of Television for ten days or two weeks following the close of the week concerned and that it would be helpful if they were received earlier. There should be a standard form of report which is not the case at the present time.

We suggest that the CBC complete its study of the departmental cost rates and that the rates of all production and distribution charges be reviewed as soon as possible.

We suggest that CBC continue and finalize its study on the desirability of appointing unit managers to provide specialized help in budget estimating and

cost control with particular reference to programme costs. We believe this should be helpful in providing better control of programme costs.

4. BUDGETS

In considering our comments on budgets and the question of financial control, as in the case of our comments on the accounting system, allowance must be made for the rapid growth of the organization from 1951 to 1956.

(i) *Compilation of Television Budgets*

The main guiding factor in the preparation of the budget each year as to the overall spending rate for television operations in the following year seems to have been a scale of expenditure of \$15 per television home per year rather than on the basis of a consolidation of estimated actual requirements submitted by the various units.

These statements of requirements are not submitted in a uniform way — in some instances they are submitted in great detail, in others in one or two totals only.

Compilation of the television budgets comes under the direction of the Co-ordinator of Television (an executive assistant to Management) who appears to perform most of the work independently of the Treasurer.

We suggest:

- (a) That each television unit be required to submit annually for the consideration of Management an estimate of the cost of operating that unit for the following year based on the policies prescribed by Management as to the service to be provided. After review by Management of all unit estimates and revision where necessary, a consolidation should be made for submission to the Board of Governors. The Treasurer, or some other financial executive, should take an active part in this work. The unit estimates should be reviewed and revised quarterly in the light of conditions then present.
- (b) That the unit estimates be submitted in a uniform way and that details of the estimates be given. We consider that working papers should be maintained indicating how the budget for the year was compiled. The fixed expenses should be set out in some detail. The anticipated expenditures on the various classes of programmes should be shown.
- (c) That the budget allocations to stations be fixed amounts, no longer "to be supplemented by the commercial revenue they (the stations) earn".
- (d) That the estimates of commercial income be made on a realistic basis. They should provide a target for the Commercial Division to attain.

(ii) *Radio Budgets*

The radio budgets are prepared in considerable detail on the basis of submissions received from field units. The main guiding factor as to the overall spending rate for operations in the following year seems to have been a scale of expenditure of \$4.00 per radio home or \$1.00 per capita of population per year.

The monthly statements or budget reports of radio operations are very detailed and voluminous. We think that certain of the details could be dropped without the loss of any of their value.

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The suggestions for the preparation of the television budget should be adopted, where applicable, to the preparation of the radio budget.

(iii) Budget Reports on Operations

We noted in connection with the budget reports on operations (monthly statements):

- (a) That network operations are not shown separately.
- (b) That information is not available as to the operation of individual stations. Where two stations use the same studios their operations are not segregated. The cost of network programmes is borne by the originating station of the network and the revenue from the sale of programmes is credited to such station. Each participating station receives credit for its full share of the network time revenue based on the rate card.
- (c) That the cost of the National Television News Service is shown separately whereas the cost of the French News Service is borne by the Montreal Station.

We suggest that consideration be given to treating each of the CBC's stations as a unit separate and distinct from network operations. Each of the stations would participate in the revenue from network operations on the same basis as the private stations. The cost of the National News Service would be considered as the cost of a network programme.

We believe that segregation of the network operations from the individual station operations would provide useful information for Management. This recommendation applies particularly to the television service. Consideration would have to be given to its application in the case of radio and also to the feasibility in the case of television of segregating the operations of two stations using the same facilities.

(iv) Financial Control

Our impression is that in many respects the Corporation's system of financial control is good. In fact, in some cases we consider it to be somewhat exacting, involving considerable detailed work and duplication of effort.

A measure of financial control is provided by a review of the monthly financial reports in which achievement is compared with the budget. The reports are supposed to be accompanied by comments and observations to facilitate the understanding of the financial aspects of operations.

During the latter part of 1955 and the first part of 1956, preparation of the budget reports on operations was considerably delayed so that little financial control was provided by a comparison of achievement with budget during this period. The budget reports are almost up to date now. In most cases the financial reports are not being accompanied by comments and observations.

We suggest that the budget reports be accompanied by appropriate notes and explanations. A review by the Treasurer's Division of the significance

of the figures contained in the reports is very important. It is also important that these reports be kept up to date. There should be a close relationship between the Treasurer's Division and the various operating departments. We also suggest that a study be made of the various monthly reports submitted to Management and the preparation thereof with the view to seeing if some of the detailed work and duplication of effort can be eliminated.

5. FORM OF ANNUAL STATEMENTS

The Corporation is required by the Canadian Broadcasting Act to submit an annual report, including audited financial statements, to Parliament.

The annual report contains (a) two balance sheets, one in which the assets and liabilities of the television and radio services are combined and another in which they are shown separately, and (b) two statements of income and expense, one in which the operations of the television and radio services are combined and another in which they are shown separately. The income includes commercial broadcasting revenue and Government grants. The expenses are set out by functional division, e.g., programme, engineering, commercial, etc., without any supporting details.

We suggest that consideration be given to the form of annual statements, particularly to the income and expenditure statement with the view to giving fuller information such as network and station operations, programme costs apportioned as between sponsored and sustaining, Regional and National Production Supervision and Administration.

As regards the balance sheet we suggest —

That a study be made to determine whether it is necessary for the Corporation to prepare separate balance sheets for the television and radio services. That, unless there are reasons of which we are not aware, the Corporation discontinue the preparation of separate balance sheets. That consideration be given to the division of the balance sheet into capital and revenue sections.

As regards the statement of income and expenditure we suggest —

That the CBC continue to show the television and radio operations separately.

That allowances to U.S. networks, direct costs of sponsored programmes and payments to private stations of a share of the network time charges be treated as costs rather than as deductions from commercial revenues.

That the expenses be set out to show the costs of programmes, transmission and network distribution rather than by functional divisions.

That Regional and National Production Supervision and Administration be shown separately and that the cost of local integrated services be included with the items of expense to which they relate. That some details of the Regional and National Production Supervision and Administration be given.

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The form of income and expenditure statement we suggest for consideration would be along the following lines:

STATEMENT OF INCOME AND EXPENDITURE

	Television Network Stations	Radio Network Stations	Total
Programme Costs:			
Sponsored.....	_____	_____	_____
Sustaining.....	_____	_____	_____
Transmission.....	_____	_____	_____
Network Distribution Costs:			
Interconnection.....	_____	_____	_____
Kinescope recording.....	_____	_____	_____
Film distribution.....	_____	_____	_____
Payments to private stations of a share of the network time charges.....	_____	_____	_____
Regional and National:			
Supervision, General and Administration	_____	_____	_____
Deduct:			
Commercial Broadcasting Revenue (less Agency Commissions).....	_____	_____	_____
Miscellaneous Income.....	_____	_____	_____
Net cost before applying Government grants.....	_____	_____	_____
Government grants.....	_____	_____	_____
Surplus (Deficit) for year.....	_____	_____	_____

Appendix XII

Appended to the statement of income and expenditure would be a statement giving some details of the Regional and National Expenses, such as the following:

Regional and National Production Supervision—

Engineering.....	
Programme directors.....	
Audience research.....	
Station relations and broadcast regulations.....	
Traffic.....	
Supervisors of programme production.....	_____

General and Administration—

Board of Governors.....	
Executive.....	
Regional directors.....	
Personnel and administration.....	
Commercial.....	
Treasury.....	
Press and information.....	_____
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Appendix XIII

Proposed Draft of Uniform Programme Log for TV and Sound Radio Stations

There is attached a draft of a proposed uniform programme log form for the TV and radio stations. It would replace the existing programme log form and the "report of performance" form.

The proposal contemplates that all stations would use the *same* form which might be printed and distributed by CBC. The procedure requires the sending to the stations of two documents. One is the log form itself, *on the back of which the instructions would be printed*. The second is the set of programme class definitions which would be employed by the stations in filling out the forms. Several points about the procedure may deserve explanation:

(1) It will be noted that for the first time the logs will require the stations to report all advertising messages. The CBC regulations in section 7 establish maximum permissible duration for advertising messages in programmes. However, in section 4 the information required to be reported on the programme logs does *not* include all advertising messages. Only "spot or flash announcements" are presently required to be reported. This omits the more important body of advertisements within the programme curtains which are broadcast on behalf of advertisers who sponsor programmes. Inasmuch as no TV station logs presently report this information it is not possible to determine from the logs whether in fact the stations are in compliance with the terms of section 7 of the regulations. It is submitted that section 4 of the regulations should be amended to require the submission of information concerning all advertisements. This could be accomplished by amending section 4(e) to read:

"the time (in hours, minutes and seconds) at which every announcement (whether spot, flash or in connection with sponsored programmes) began and ended and the duration thereof, and the names of the advertisers for whom all such announcements were made".

(In the event the question is raised how we were able to compile total advertising time in our log studies, the answer is that we were forced to impute the allowable duration of advertising, according to section 7, to all sponsored programmes. My belief is that this resulted in understating the actual amount of advertising).

(2) Revision of section 4 of the Regulations would seem appropriate to state that the stations are required to submit the information called for on the proposed uniform log form and accompanying instructions.

(3) It is suggested that the "report of performance" form might be dispensed with, in the interest of avoiding duplicate reporting. All of the data now obtained from that form may be derived from the proposed uniform

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programme log, with one exception. That exception is that the report of performance calls for the "weekly sum spent by your station" for local live talent. It did not seem appropriate to call for financial data on a form which is primarily an operating and programme record. If it is determined to retain in use the "report of performance", my proposed form could be simplified by deleting from the instructions paragraph 11 and deleting "Talent Log" from the caption of column 11 on the form.

(4) It may seem to some that there is redundancy in the proposed uniform log procedure in respect to the identification and classification of programmes. I am suggesting that the stations be required to supply full titles as well as brief descriptions of all programmes broadcast. Parenthetically, this is presently required by Regulation, section 4, but this regulation is uniformly ignored by the stations. To tighten up this I am suggesting that the stations be required to assign the appropriate programme class symbol to each programme. And to encourage them to do this reasonably, I suggest that the programme class definitions which have evolved in the course of this Commission's work (from the close collaboration of the Bureau of Audience Research and myself) be supplied to the stations. In justification of these related requirements I would argue that a station operator who discharges his public responsibility in using the radio spectrum should be expected to inform himself of the character of the programmes he broadcasts sufficiently to report the barest possible summary of their content.

(5) Our examination of station logs leads to the conclusion that the stations for their own purposes record on the logs certain operating information. This information includes the initials of announcers and other studio personnel, the numbers and other designations of kinescopes, transcriptions, etc. We have provided one column for all such station operating information. The CBC national office, so far as I can ascertain, has no use for this information. Consequently, this column is conceived to be entirely for station use.

The draft is submitted as a possible basis of discussion. I would suggest that if it or something like it were to be adopted, that a solemn resolution be made now that after a period of no longer than three years the form and instructions should be critically reviewed in the light of experience with its use. Any such form, in my experience, runs the risk of early obsolescence.

DALLAS W. SMYTHE

November 16, 1956

INSTRUCTIONS

This form should reflect all of the broadcast operations of the broadcast station. All of the time devoted to the emission of a broadcast signal must be accounted for on it. The record should comprise complete information as called for in the several columns, as interpreted in the following explanations:

- Col. (1) *Schedule Time*. Report here the *scheduled* hour, minute and second when every programme, announcement, etc., begins.
- Col. (2) *Time Presented*. Report here the *actual* hour, minute and second when every programme, announcement, etc., begins and ends. There must be no unaccounted-for gaps of time when the station is on the air.

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- Col. (3) *Programme Title*. Report here the complete title of programmes. In the event that the programme has a constant title, such as "The Late Show", report this title but also report the title of the specific programme material broadcast on this occasion (such as "War and Peace"). If a test pattern is broadcast, report "test pattern" in this column. If it is convenient for station operating purposes to add numbers of transcriptions, film files, etc., such information may be added following programme title or titles.
- Col. (4) *Announcements*. All announcements made on behalf of the station or other parties should be reported here, and for each of them the hour, minute and second when they begin and when they end must be reported in column (2). Report the name of the company, account, agency or person on whose behalf the announcement is given. The announcements which ordinarily occur are the following: advertising messages *within* the curtains of a sponsored programme; advertising messages (commonly known as "spots" and "flashes") which are broadcast around station breaks and are outside the curtains of sponsored programmes; advertisements appearing within the programme curtains of so-called participating programmes; programme promotion announcements; non-commercial announcements which are donated by the station and which are on behalf of community or national service organizations; and station identification.
- Col. (5) *Operating Codes*. This column is provided for the station's operating or billing purposes. It is placed where it might be useful for scheduling studio designations, video or audio origin, etc.
- Col. (6) *Sponsorship Code*. Report here the appropriate code symbols (from those given below) for every programme and every announcement made on behalf of anyone other than the station. The possible codes are as follows:
- U — *Un-sponsored programme*. An un-sponsored programme is a programme between the programme curtains of which no advertisements are presented on behalf of a programme sponsor and which is not interrupted for local or national commercial announcements. "Programme curtain" means the visual or aural signal which marks the beginning or the end of a programme.
 - S — *Sponsored programme*. A sponsored programme is one between the programme curtains of which one or more advertisements are presented on behalf of a programme sponsor or sponsors.
 - P — *Participating programme*. A participating programme is one between the programme curtains of which one or more advertisements are presented on behalf of one or more local advertisers.
 - CA — *Commercial announcement*. A commercial announcement is any advertisement whether presented inside or outside the curtains of a programme. It includes all advertisements presented on behalf of sponsors or other advertisers in exchange for cash or other valuable consideration.
 - NCA — *Non-commercial announcement*. A non-commercial announcement is any announcement which is presented as a public service and not in exchange for cash or other valuable consideration. Non-commercial announcements do not include announcements on behalf of the station, such as programme promotion announcements, identification announcements, etc.
- Broadcast of test patterns, programme promotion announcements and station identification announcements for which no cash or other valuable consideration is received by the station need not be coded in this column. If, however, cash or other valuable consideration is received by the station because of their broadcast, they should be coded. Test patterns if sponsored should be coded as "S". Station identification, programme promotion announcements, time signals, etc., should be coded "CA" if they carry advertising.
- Col. (7) *Country of source*. Report in this column the appropriate code symbol for the country of source for all programmes. Country of source means the country where all, or the predominant portion of the programme's content

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was "produced". "Produced" means where the programme content was planned, assembled, edited and released for broadcast purposes. Thus, a programme based on visual or other recordings in Switzerland which was planned, assembled, edited and released in the United States would be coded as U.S. source. And a programme predominantly composed of phonograph records produced in the U.S. but played locally would be coded as "U.S."

CDN — *Canadian*. Programmes whose production took place in Canada.

U.S. — *United States*. Programmes whose production took place in the United States.

U.K. — *United Kingdom*. Programmes whose production took place in the United Kingdom.

Fr. — *France*. Programmes whose production took place in France.

Aus. — *Australia*. Programmes whose production took place in Australia.

O — *Other*. Programmes produced in countries other than those named in preceding codes.

Col. (8) *Origin in Canada*. Report in this column the appropriate code symbol for the mode of originating each programme. "Mode of originating" means whether the programme reaches the station from a network or is assembled locally from either live or recorded materials. The possible codes are as follows:

N — *Network*. Programmes which are received by the station from a network by means of cable or microwave, kinescoping, film, transcription or other form of recording and are broadcast intact either simultaneously with or delayed as compared with broadcast by other stations. Programmes carried on regional networks and programmes received directly from U.S. networks should be coded as "N" also. Stations originating programmes for broadcast on the network should code these as network programmes.

L — *Local live*. Programmes which are assembled from local materials and broadcast live, whether originating in the studio or by remote pick-up.

LRL — *Local talent-recorded*. Programmes composed of local material which is recorded or filmed and locally assembled for the station broadcast.

LRO — *Non-local talent-recorded*. Programmes composed of recordings, films, or kinescopings which were produced specifically for station use. In this category would fall the transcriptions and kinescope recordings produced in the United States or in Canada and which are for sale to stations generally.

M — *Mixtures of local live and recorded*. Programmes which are assembled locally partly from live and partly from recorded materials.

Col. (9) *Programme Description*. Report here a brief description of each programme broadcast. The description need not exceed a sentence or two. It should indicate in summary form the aspects of the programme which form the basis for coding the programme as belonging to one or another of the programme classes described in the Programme Class Definitions. It is recognized that some programmes may not fit easily into one of these programme classes and that as time goes on and new types of programmes are developed, the Programme Class Definitions will require revision. Accordingly, the station's descriptions of programmes should indicate, where uncertainty exists, the basis of difficulty in assigning a programme class code.

Col. (10) *Programme Class*. Report here the number of the programme class and sub-class, according to the Programme Class Definitions, which best fits each programme broadcast. For example, if a comedy drama of a type, at a time of day and with a format intended to appeal to the general audience is broadcast it should be coded as 15c. If its character, time of day and format indicate an intent to appeal to the child audience predominantly, then it would be 20c.

Appendix XIII

Col. (11) *Talent log and remarks.* Report here information about local talent which is used in programmes coded "L", "LRL" or "M" in column (8), or "N" in the case of stations originating live material for use by the network. For each such programme, report in column (11) the number of minutes of programme time which was devoted to each of the following types of material, using the appropriate codes:

MC — The services of a paid master of ceremonies who introduces records, provides "patter", answers correspondence, etc.

PD — Paid non-staff dramatic talent in the form of actors and actresses.

UD — Unpaid non-staff dramatic talent in the form of actors and actresses.

SD — Staff dramatic talent in the form of actors and actresses.

PM — Paid, non-staff musical performing talent, vocal or instrumental.

UM — Unpaid non-staff musical performing talent, vocal or instrumental.

SM — Staff musical performing talent, vocal or instrumental.

PT — Paid non-staff speaker, discussant, etc.

UT — Unpaid non-staff speaker, discussant, etc.

ST — Staff speaker, discussant, etc.

R — Local religious talent, i.e., broadcast of church service.

O — Other local talent, including sports events, news events, public ceremonies, etc.

This column is also available for station use to record condition of film, interruptions in signal emission, etc.

Royal Commission on Broadcasting

Day: Wednesday
Date: January 18, 1956
Page 1 of 5 pages

PROGRAMME LOG AND OPERATING SCHEDULE

Station: CGFB
Location: Flin Flon

(1) Scheduled Time	(2) Time Presented		(3) Programme Title	(4) Announcements	(5) Operating Code	(6) Sponsorship Code	(7) Country of Source	(8) Origin	(9) Programme Description	(10) Prog. Class *	(11) Talent Log and Remarks
	Began	Ended									
6:28:40	6:28:40	6:30:30	Opening Announcements.....		—	—	—	L	Local News Announcer reporting regional and national news.	1	ST. 4 min.
6:30:00	6:30:30	—	Early Bird News.....		U	CDN	L	L			
6:35:00	6:36:50	6:37:05	Dodd's Flash (CT-23496).....		CA	CDN	—	—			
	6:37:05	6:37:10	Station Call.....		—	—	—	—			
	6:37:10	—	Percolator Parade.....		U	US	M	M	Local "Disk Jockey" introduces and plays popular musical recordings.	14c	MC. 6 min.
6:50:00	6:49:25	6:50:25	Radio Hockey Club Spot.....		—	—	—	—			
6:54:40	6:55:35	6:55:40	Station Call.....		—	—	—	—			
6:55:00	6:55:40	—	Man Around the Farm (#2).....		S	CDN	LRL	LRL	Local Agricultural Expert presents farm hints on tape.	12	PT. 5 min.
6:59:40	7:00:55	7:01:00	John Gibson & Son Ltd.....		CA	CDN	—	—			
6:59:45	—	—	Kilburn Expt. Spot.....		CA	CDN	—	—			
7:00:45	etc	—	News.....		U	CDN	L	L	Local News Announcer reporting regional and national news.	1	ST. 4 min.
7:09:40	—	—	Station Call.....		—	—	—	—			
7:10:00	—	—	Weather.....		S	CDN	L	L			
7:14:40	—	—	Station Call.....		—	—	—	—			
7:14:45	—	—	Radio Hockey Club Spot.....		—	—	—	—			

* The numbers in this column refer to the programme classifications listed in Appendix XIII.



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